The MAGAZINE of WALL STREET

Twelve Stocks Favored by Experts

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Are Money Rates Headed Upward?

By H. Parker Willis

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How Foreign Competition Will Affect American Business

By Dr. Julius Klein

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With the Editors

What to Expect From a Financial Magazine

WE present herewith some thoughts to any of our readers who may not be sufficiently acquainted with financial publications to understand their functions. Some of the things which readers have the right to expect from financial magazines are:

Honesty of Purpose. Is the magazine run in the interest of its readers, or is it tied up in some way with Wall Street? Has it the courage to say what it thinks? Is it disinterested, that is, does it publish the exact facts about securities or the market? Does it avoid "boosting"? Has it the knowledge and convictions essential to rectification of abuses in the financial system? Is it thoroughly imbued with a feeling of responsibility to its readers? The public has a right to expect a satisfactory answer.

Judgment. Have the editors and the writers good judgment? Are they capable advisors? Do they understand the value of securities? Are they sufficiently in touch with broad business developments and developments relating to the position of the various industries? The reader has the right to expect these things of his magazine. However, he must make allowance for human fallibility. If the board of directors of a large corporation can make mistakes of judgment—and this happens not infrequently—it is inevitable that those who interpret the situation affecting this company will also make mistakes. The reader has the right to expect 100% honesty but he should not expect 100% accuracy of judgment.

Comprehensiveness. Does the publication cover all the essential fields relating to finance, business and securities or is it merely a "tipping sheet"? How much information does it give the investor? The reader has the right to expect that the magazine he reads will cover a very broad selection of subjects.

Educational Value. Does it present material in such a way as to increase the investor's understanding of the nature of investments? Does it strive to develop in the investor a knowledge of the most practical methods to reach financial independence? The reader has the right to expect a high degree of educational value in his financial magazine.

News Value. Is the magazine up-to-date? Does it present the latest news bearing on securities, business, etc.? Does it cover the most important current economic, political and financial developments? The reader has the right to expect this of his magazine.

Readability. Is the mechanical set-up of the magazine conducive toward easy reading? Are the articles written clearly and simply? Are the graphs, pictures, tables, etc., to the point? Do they tell a story or are they used merely to fill space? Do the articles convey a message? Are they inspirational?

Service. Does the magazine merely stop with the printed page or does it throw open its entire resources and facilities to the reader? Does it answer his inquiries, adequately and promptly? Does it increase the scope of its field by adding new departments such as insurance, home building, over-the-counter stocks, bank and insurance stocks, business articles, etc.? Is it enterprising?

Ask yourself these questions. If you are not getting the right answers, you are not getting the right magazine.

In The Next Issue

The Changing Character of the Stock Market

—An unusually vivid description of the great changes which have taken place in the character of the stock market during the past few years, and embodying a viewpoint that is of the greatest importance to the investor. This article will be worth your most careful reading, as it may change your entire attitude on the problems involved in stock investing.

Which Railroads are Showing the Largest Earnings?

—A tabulation of railroad earnings for the first four months of the year together with an analysis of the roads in the best position. A real "money-article" for investors interested in railroad securities.

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—Giving an assortment of stocks yielding over 8 per cent and which offer possibilities of market enhancement. This article contains many useful suggestions.

A Bird's Eye View of Business Today

—Picturing in graphic form—together with appropriate explanations,—the course of business and securities; covering money rates, foreign conditions, trade conditions, securities etc., etc. A feature that will appeal to the busy executive who wants to keep abreast of the times without being compelled to spend hours in research.

The MAGAZINE of WALL STREET

EDITOR
RICHARD D. WYCKOFF

MANAGING EDITOR
E. D. KING

INVESTMENT & BUSINESS TREND

Foreign Tariff Walls Created—Long-Range Business Prospects —Rumors and Tips—Commodity Prices—The Market Prospect

AMERICAN manufacturers of automobiles and tractors are viewing with considerable concern the latest tariff developments in Europe. England has already imposed a tariff on foreign-made automobiles and Germany proposes to do likewise. In both countries, we have been enjoying a flourishing export business in this line and it is obvious that restrictions of the sort imposed will tend to limit our sales in at least these two countries. The proposed German tariff is the more serious because in addition to placing a tariff on industrial products, it places a prohibitive tax on imports of foodstuffs. In this, our agricultural interests are vitally interested.

Developments of this sort are not calculated to inspire much confidence in our ability to hold indefinitely a position as the world's greatest exporter. Each nation abroad is active in furthering its own economic interests and, in the process, it is inevitable that certain phases of our export activities will **suffer.**

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LONG-RANGE BUSINESS OUTLOOK

THIS brings up the question of our economic future in the next five or ten years. The growth of European—though not English—industrial activities since the war has been persistent though held back by great financial difficulties. With exchange stabilized in many European countries and with further developments expected along this line, Europe's financial troubles seem lessening. Her productive capacity is virtually restored and from a physical viewpoint, the more important nations on the continent are in the position to engage in an effort to capture a good slice of world trade. In this connection, it is important to recognize that Europe still retains the great advantage of low labor costs though wages abroad are also advancing. England alone is still in difficulties with a big labor problem to solve.

Of course, the United States is by no means helpless. In respect to capacity to produce in volume, it leads the world and it will take much to challenge our supremacy along this line. It is also favored by proximity to the important South American and Asiatic markets. Nevertheless, our European competitors have the advantage of long experience in selling to foreign nations and their Governmental and banking co-ordination with export facilities is still superior to ours. It will take the highest degree of skill on the part of executives concerned in export trade to match the greater experience of their foreign rivals.

What the outcome will be no one can tell at this stage but it is clear that from a long-range viewpoint the economic supremacy of the United States is at stake. The test of meeting a new, vigorous and efficient Europe is still to be met. It is true that business conditions in this country to-day are satisfactory and are likely to be for some time but gradually the stern competition we shall have to encounter in the markets of the world will compel us to develop industrial statesmanship of the highest order if we are to retain a position of genuine security.

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RUMORS AND TIPS

THE exceptional gains made in the stock market by a considerable number of issues, particularly in the

public utility and automobile groups, has stimulated pool manipulation in other directions. The highly speculative character of the market may be appreciated from the fact that it is not uncommon for stocks to gain ten and twenty points a day. This type of market inflation usually brings its own correction and the present market will undoubtedly prove no exception.

In the meantime, it is interesting to note the reasons brought forward for the advance in individual issues. In most cases, they simmer down to the old "bunk" of stock dividends, "melons" and mergers. Such reasons have been sufficient in recent markets, it is true, to attract a considerable following among the purely speculatively minded, who are not so much concerned with facts as with illusions. But they are not the sort to appeal to investors.

A rising stock market always brings forth a flock of rumors and tips in which respect the present is no exception. The careful investor, of course, will disregard these sources of "information" and make his investments on the tried basis of fact and seasoned judgement.

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COMMODITY PRICES

RETURNING to a discussion of the immediate outlook, one perceives a heartening growth of confidence in the situation, mainly as a result of stimulation given imagination of buyers who perceive in the recent stabilizing price tendency the basis for a belief in an upturn in the near future. That the downward movement has been completed seems clear. Even such hitherto weak commodities as steel, iron, sugar and cotton seem to have hit bottom. In fact, the recent advance in steel scrap prices may be considered of some significance since the steel scrap price movement usually heralds the direction of the average of steel prices.

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TEMPORARY MARKET VALUES

AS a result of the large number of new issues, particularly bonds, there has been an increase in the list of securities whose market value depends on syndicate operations. In many cases, the period of digestion of these issues has not been completed and the syndicates concerned have had to give support to their market. This lends a somewhat fictitious value to issues surrounded by such conditions. Of course, valuès created in this way are by necessity temporary and their artificiality becomes easily apparent upon examination. It behooves the investor to refrain from making his investments unless he has definitely assured himself that the price of a newly listed issue in which he intends to invest represents an actual value and not something which happens to be the result of syndicate support.

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MARKET PROSPECT

THE successful efforts of pools engaged in the process of marking up speculative issues in which they are interested has served to increase public participation in the market. New entrants, however, are almost entirely governed by the speculative urge with bona-fide investors remaining more or less aloof.

The prime factor in the market's strength is cheap and plentiful money. With abundant credit available for speculative purposes, pool operations are greatly facilitated and, for that matter, the individual speculator has no complaint so far as his ability to borrow is concerned. Offering substantial support to the situation is the fact that actual holders of securities are content to keep on holding. As long as they continue to do so, interests engaged in manipulating stocks upward need not fear dumping of securities by their actual owners. Of course, from a long-pull viewpoint, all this must be considered as artificial. The final determining factor in the market's outlook naturally must depend on the real course of business. If business measures up to the market's expectations, then present prices will be found to be justified. But if the contrary should be true, then the inevitable reaction will be all the more severe to the extent to which business fails to keep pace with the market.

In the meantime, it is worth noting that business has generally taken on a new lease of life, that commodity prices are slightly firmer and that mills are expanding their operations somewhat.

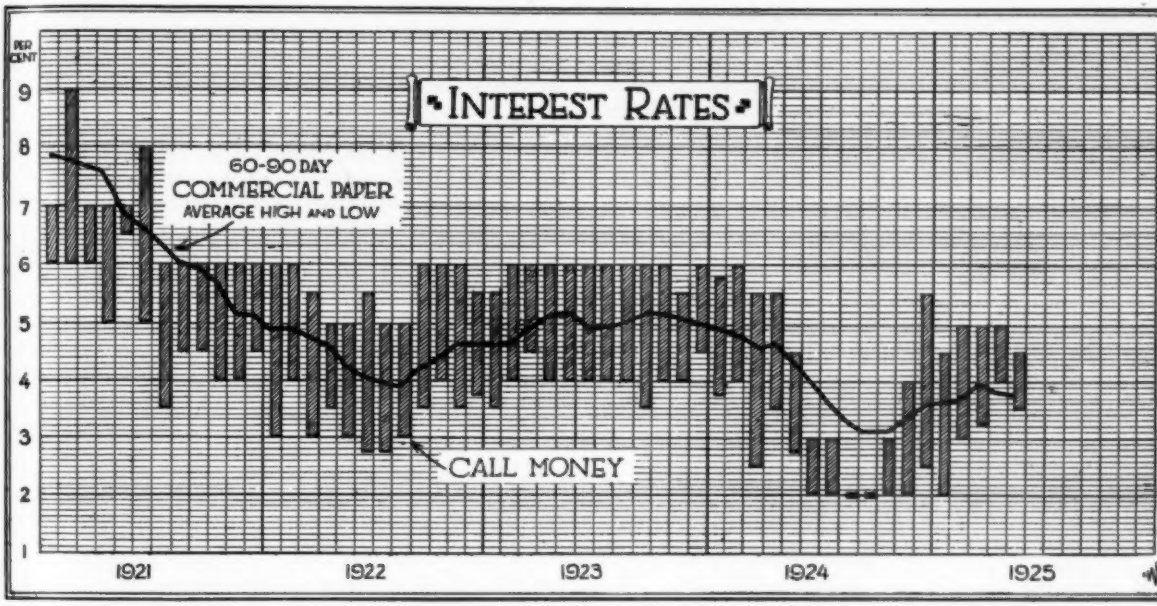
In conclusion, the market certainly seems high enough, speaking in general terms, and business must improve considerably to warrant the present average of stock prices. On the other hand, there are a number of individual issues which are in a strong position and are likely to continue so for a period so that opportunities still exist for the speculatively minded. It need not be affirmed again, of course, that the best policy at this time is one of great caution and discrimination in purchases.—

Monday, June 1, 1925.

Are Money Rates Headed Upward?

The Present Situation in Relation to the Securities Markets

By H. PARKER WILLIS



EVER since the definite announcement that Great Britain expected to go back to the gold standard at an early date, the question has contantly been raised by investors and bankers: Are money rates headed upward? The main reason why some have thought that that might be the case is found in the fact that the Bank of England has always used its "discount rate" to prevent gold from being sent abroad. Whenever gold shipments were occurring, the Bank, before the war, would raise its rate of interest on paper offered to it for discount. The resultant effect would be to discourage those who were inclined to borrow funds for the purpose of sending gold out of the country in order to make a profit through exchange operations based on variations in exchange rates. So, with the embargo off from gold and with practical permission to ship gold freely out of Great Britain, some people have thought that the Bank of England would certainly have to raise rates before very long, in order to restrain withdrawals which would cut its reserve.

But why should New York rates go up simply because they may go up in England? For some years past, our Reserve System has been working in very close harmony with the Bank of England. Today, it is understood that rates are never raised in either country without first consulting the other. It is the present policy to keep rates in England higher than those in New York and thus to shift the strain of gold demand to the United States so far as possible. But New York rates would undoubtedly be raised parallel with those of the Bank of England, though not to the same level, if by so doing it was possible to discourage speculators from borrowing funds in either market with a view to withdrawing gold and shipping it somewhere else. It is evident that the Bank of England has expected that something of this kind might happen. Walter Guinness, the Financial Secretary of the Treasury, in his recent gold resumption speech in the House of Commons, lately pointed out that the terms of the two-year credit which had been allowed to Great Britain by the Federal Reserve Bank of New York provided for a rate of charge (upon such advances as might—if called for—actually be made), corresponding to future variations of rates at the Reserve Bank. The arrangements evidently contemplated a possible increase to a level as high as 6%. On the other hand, of course, it must be remembered that such agreements are necessarily made to cover all contingencies, even those that do not at a given moment seem very likely to occur. For what it may be worth, however, the arrangement with the Bank of England, and England's plan to go back to a gold standard, are measures which in themselves undoubtedly make for a higher future discount rate and hence for a generally higher rate of interest in England; and probably for a higher Reserve bank rate in this market also during the early future.

The question of whether any such "tendency" will actually become practical here is quite a different one. A factor which necessarily influences it materially is found in the status of bank credit. At present, and for a good while past, there has been no very great increase in the demands made by commercial customers at our member banks for accommodation. Nevertheless, the total loans

and discounts of the banks, taking the country as a whole, are pretty high. A good many of them, moreover, particularly in the middle western states, are what is called "frozen"—that is to say, it would be difficult to convert them back into money or bank balances if they were needed. This makes a somewhat sensitive situation. During the speculative "boom" of the early winter, "brokers loans" which usually skim off the free or "floating" supply of funds in this market were "boosted" to something like $2,200,000,000 or near that figure. Then, when the collapse of prices came, these loans were cut, probably to between $1,500,000,000 and $1,600,000,000.

The effect of the cut was very obvious in relaxing the strain on money, and the movement of the interest rate, which had been toward decidedly higher levels just before that, was almost immediately checked. Since then, as stock transactions have tended to become quite definitely larger, the volume of brokers loans has again increased going back to about $1,750,000,000, or possibly $50,000,000 more than that. Even this, of course, is a very sizable speculative loan account. Now if British demands for gold or any other factor should begin quite materially to curtail our reserve ratio, a rising of Reserve banks, reflected in a rising market rate for money, would be not at all unreasonable to expect. So, domestically speaking, there is a basis for the tendency to higher levels which has already been noted as a factor in the foreign side of the situation.

There is another side to the whole question. No matter how optimistic we may be about the future, the fact is that business is not "booming." In fact, it has receded in a good many lines. Corporations, generally speaking, are very well financed. They have been rearranging their capital structure for at least two or three years past, taking advantage of the exceptionally good opportunity to borrow which has existed over most of that period. They have thus reduced their need for bank loans and are not likely to come into the market in the near future as exceptionally heavy borrowers unless they should have a very large increase in business; and that, as has just been noted, is not in sight at the present time. So, on the whole, it seems safe to say that business demand for borrowed funds shows no signs of increasing, just now at least. The crop movement will increase it somewhat, but seasonally only. On the other hand, although we have exported a great deal of gold within the past few months (beside about $172,000,000 in 1924), we have also imported a great deal, and the amount carried in our reserve banks has not been appreciably reduced. Even if we were to send some extra gold to England or some other country, as a result of the credits we have granted, it would hardly be much in the way of a modification or change in the present situation. Foreign loans are temporarily in fact "slowed down." To sum this all up, therefore, there appears at present to be no reason for thinking that so marked an increase in domestic demand as might easily send money rates higher with banking conditions fairly "sensitive" is to be expected as an incident of the early future. This amounts to saying that, although it would not be difficult to put rates up under existing international and banking conditions, there seems to be nobody in sight who is likely to engage actively in the work of really putting them up.

In fact, there are some authorities in the stock market who profess to believe that reserve banks are more likely to lower rates than they are to advance them, "the wish being father to the thought." Brokers who are interested on the "bull side" of the market have lately expressed the opinion that if the extra half per cent, that was added to its rate not long ago, could be taken off again by the reserve bank of New York the result would be to bring on a very much more active condition of affairs in the stock market with correspondingly more profitable outlook. But it must be admitted that there is now little in official circles to warrant any prediction that such a course will be followed.

IT is generally realized that the money market is today exerting an unusually profound effect on security movements. It is for this reason especially important for investors to keep in close touch with the money situation and guide their security commitments accordingly. Dr. Willis, in this article, gives a lucid explanation of the factors at work and their probable consequences. He offers a number of ideas that will be found valuable by thoughtful investors.

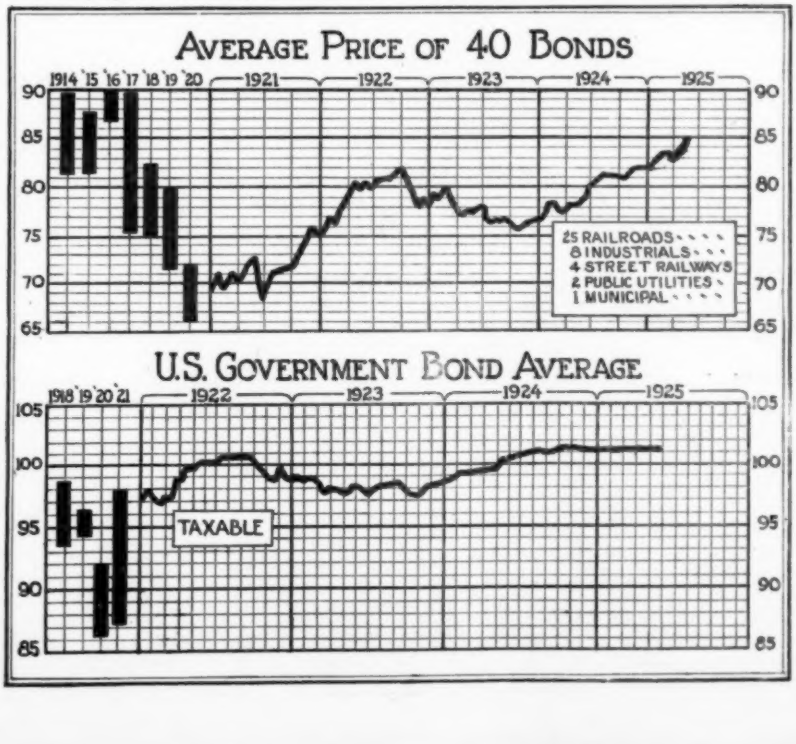
The demand for a cut in discount rates is interesting chiefly because it throws light upon the conflict of attitude that prevails in the stock market today. There is unquestionably an influential element which fears higher rates, wants to prevent them, and probably believes that the best "counter-irritant" or opposition method is that of demanding lower rates and insisting upon the increment of value in securities of many classes which would come from such a cut if it could be brought about. At present, rates are not only low but, except in comparison with the unusually, and abnormally long continued, low rates of the past autumn and early winter, they are, comparatively speaking, down near to bedrock. There is very little profit to a bank in the call money market at the present time and loans are taken at the present figures only because of the slackness of commercial demand for funds and the fact that bonds are as high as they are. These two factors have for a year past maintained a somewhat artificial flow of money into the market from several sections of the country. There seems to be very little reason why it should not be kept up unless business demand at the banks should brighten, or, as already stated, bonafide export demand for gold in large quantity should present itself.

The fact that bonds have recently reached new high average prices on the recent movement is a striking fact. Some of the local bond indexes in fact indicate that present averages for certain banks are not only temporarily high, but are the highest for about eight years past. This takes the price level back to a period well before the inflation of prices began, and reflects not only the low rates that have now for many months prevailed in the money market, but also the fact that the commodity price level has been moving almost steadily downward for a good many weeks.

The reason why this should be is not always understood. Suppose you have a bond running say, from fifty to ninety-nine years. Such a bond is to the holder practically a permanent loan, inasmuch as he himself is not likely to live to collect the principal. He has an "annuity," or what is equivalent to that, equal to the interest on the bonds. Suppose that that rate of interest was 4% or $40 on every $1,000 at a time when the price level was comparatively steady—say in 1913.

Now, this meant that in 1913 the investor received for his $1,000 whatever goods and services could be bought with the sum of $40 per annum. Suppose that the price level advances 50 per cent, as it has since that time. Evidently then $40 would buy only two-thirds as much as it would in the former year. The result is to reduce the selling value of the $1,000 bond somewhat correspondingly, though, of course, not in exact proportion, owing to the presence of other factors. When the price level moves downward, the tendency of course, is to move the quotation of bonds upward, and for similar reason. This is what has been going on in the securities market lately, but it has been helped along by low rates of interest for money which has made it profitable for investors to buy bonds.

Let us see how these low money rates work. If a bank has, say $100,000 of spare funds it looks around to see what it can do with them. Suppose it finds that in the call market the rate is only 3½% while commercial paper, we may assume is around 4%. If, at such a time, it finds that it can purchase, say, an Atchison 4% bond at 80, the $4 which it is getting for every $80 of investment brings it in a return of 5%. If, therefore, it believes that Atchison bonds are not likely to fall off much below 80, the purchase of them for the bank's portfolio will be a wise course of action because it will net 5% instead of 3½ or 4%, and may give a possibility of some profit in addition, due to the prospective appreciation of the security.



Of course, as money ceases to be "cheap," the inducement to buyers of bonds, particularly to the banks and other investors of the same class, to purchase such issues becomes smaller and smaller. When there is no advantage to be obtained from the purchase of bonds as compared with commercial paper or call loans, the bank will usually prefer one of the latter forms of investment because, granting that it has been wisely made, the return on it is fixed and not variable. Exactly this sort of thing has been going on in the bond market now for more than a year, and this is one reason why bonds are as high as they are today. Yet, under the influence of falling commodity prices, bond values seem to be going on up. If, however, money rates should go higher the chances would be strongly favorable to a distinct decline in bonds—tendencies to a higher level of rates offsetting and overcoming tendencies to a lower level of commodity prices for the time being at least.

Many kinds of stocks are not affected in the same way. Nevertheless the general drift in the stock market is influenced very strongly by money rates, and a definite forecast of higher money is equivalent to forecasting at least a tendency of stock prices downward.

That is the reason why the present money situation is as interesting as it is to the investment community. As is always the case, we thus have two distinctly conflicting or crossing sets of factors, and he would be a very courageous man who should assume to be able to predict exactly how soon one set would get ahead of the other. What we can say with certainty is that we have now had a rather unprecedently long period of low money rates. This period seemed likely to come to an end in the winter, and was then prolonged by the stock market collapse which freed a good deal of cash and so tended to give a new turn to the market situation. That brought back another short "swing" of low money rates and so, in effect, with only a very brief and tentative intermission, we have gone through an extra long period of cheap charges for funds.

This in itself tends to make against a still longer continuance, and the fact that we have now had certain powerful factors working on the side of higher charges naturally confirms the impression of many that a fresh period of somewhat higher charges may set in within a relatively short period.

The Truth About Our Foreign Trade

Is the United States Making the Most of Expanding World Markets?

By DR. JULIUS KLEIN

Director U. S. Bureau Foreign & Domestic Commerce

Interviewed by Theodore M. Knappen

THE American iron and steel industry is crying "Murder!" because the French pipe manufacturers keep picking off fat American contracts at about $10 a ton under standard American prices. Yesterday it was in San Diego; today it is in New York.

The manufacturers of industrial alcohol have rushed with tearful eyes to the Tariff Commission to save them from ruin by a new-process German product that seems to make money in the price scale before American factories have got past the cost of raw materials.

This, that and the other "impossible foreign competition" swells the mails of the Department of Commerce, of the National Manufacturers Association, and any other receptive place with wails anl lamentations of red ruin and demands for higher tariffs.

Listening to this chorus of moans, one might think that American industry was already unhorsed by European competition at home and abroad and about ready to receive the coup-de-grace with becoming resignation to inevitable fate. Nevertheless the cold figures say that the United States *exported more* goods in 1924 than 1923 by about $400,000,000 of value and *imported less* by about $200,000,000. They record a trade balance of $900,000,000 in our favor out of a total of $8,200,000,000 of foreign trade. Also they say that about 60 per cent of our exports nowadays are partly or fully manufactured. Our exports grow in total volume and also in the volume of manufactured goods.

"What about it?" I asked Dr. Julius Klein, who as director of the Bureau of Foreign and Domestic Commerce of the Department of Commerce, is sort of general foreign sales manager for American industry.

"Remember when we were kids," he countered, "how we used to provoke possible fisticuff combatants to battle by chanting, 'One's afraid and the other dassent?' There's your answer. All the great commercial nations feel the coming of a mighty fray and they have cold shivers, knocking knees and stomach aches as they get ready to face the music. The war is over. Abnormal conditions are disappearing or are becoming normal. The world is wiping out its handicaps. Patriotic sentiment is subsiding to the mean. Business becomes business once again. The first step into the cold water of trade without bunk is a timorous one. Every wavelet makes a shiver and every shiver reflexes into a howl.

"But when we once take the plunge we'll find it easy going—we of the United States. At home or abroad we can view the trade future with equanimity. We aren't going to get all the trade—and we don't want it—but we shall get our generous share. We needn't fear foreign competition in foreign markets any more than we need fear it at home — and for much the same reasons."

> ### High Spots of American Foreign Trade
>
> **1924 was the record year for exports of petroleum and its products.**
>
> **Agricultural implement exports topped the record in 1924 with a total value of $60,000,000.**
>
> **More typewriters were shipped last year than ever before—270,000.**
>
> **Automobiles went over the top in 1924 with 178,883 exported.**
>
> **Logs and timber exports went to the top with 868,000,000 feet and lumber exports were larger than since 1913.**
>
> **Refined copper exports were the largest ever with 1,033,000,000 pounds.**
>
> **Cotton—King Cotton, greatest of our cash crops, scored with its greatest normal value export valuation of $951,000,000.**
>
> **Motion picture exports made a record with 178,000,000 feet.**
>
> **Wheat, barley, canned milk, fish, oil-cake, oil-cake meal, leaf tobacco and sulphur made near-records.**
>
> **Newsprint paper — fifth among our imports—went to the top with 2,714,000,000 pounds valued at $101,000,000.**
>
> **Cane sugar (our chief import) imports were second only to those of 1922, and were 8,272,000,000 pounds.**
>
> **Silk imports increased 2,000,000 pounds over and retained second place in our imports according to value.**
>
> **Coffee, our third import, gained 31 per cent over 1923.**
>
> **Crude rubber, our fourth import, gained 6 per in quantity.**

"And what are they?"

"Well, in the first place as Europe becomes stabilized the factor of depreciating currencies drops out of the equipment of our competitors. They can no longer cut prices at the cost of their workers. Instead of costs dropping they are growing. German costs in one commodity after another are now in excess of ours—even on quality par, and they're out of sight when quality is compared with quality. The price of stability after years of jazz, is (1) higher wages, (2) higher taxes, (3) higher interest rates—all uniting in higher production costs. Consider the future for the average German manufacturer who knows that German wages must advance one-third yet before they are back to pre-war purchasing level. A fourth handicap for our competitors, is lack of capital; probably not so grave as they make out, but still an important lack.

"Our rivals have got to even up somewhere if they want any part of the game, and it looks as if they were taking it out of quality. And that means only to defer the acid test. The great factor in our favor the world around is the high quality of American goods. There are some markets, it is true where quality doesn't count. In others it counts with a bang and a clinch. And sometimes the places where it counts are right in the strongholds of our opponents.

"Everybody has heard of the French 75—'the gun that won the war'. It is a product of the brains and plant of the Schneider Company; a complex mechanism of the greatest nicety. You'll agree that the company that engineered that gun and produced it in large enough quantities to equip the French, American, Serbian, Greek, and I don't know how many other armies was some manufacturing company. Perhaps it sells an occasional cargo of steel rails, structural shapes, etc., here in the United States, right under the up-tilted noses of our steel mammoths. All right! We sold the Schneiders the other day a complete equipment of electrical conveyors. Why? The Schneiders require the best and require them now. They couldn't wait for some French conveyor firm to develop a foolproof conveyor and then develop the service to make it stick. They wanted them when they wanted them, and they wanted them right. It's such facts that should make one most cautious about trying to draw hard and fast lines of differences between foreign and domestic trade and commerce.

"Quality and service—they are 'selling' American products all over the world. Quality is not unknown to foreign manufacturers, but service is overwhelmingly an American idea. I mean by service helpful co-operation with the buyer by the vendor. Service is a great breeder of repeat orders when united to quality. From every corner of the world are coming stories of quality being the best policy with all discerning buyers. I might say with the undiscerning too. Quality makes them discerning and after that they are for you. Every day or so stories float in here about foreign buyers who have taken inferior quality with lower prices from foreign manufacturers and are swearing off for good. Here's a funny one. A Belgian steel company received a contract on the lower price basis from an overseas company in which an American trading company was financially interested. The goods turned out to be poor quality; whereupon, with magnificent nerve, the American company appealed to the Department to help get Belgians to adopt high American standards!

"You hear much worrying about German competition, but unless the Germans are able to improve the quality of their goods, whilst underselling us in nominal prices, we have not much to worry about in the long run. Our export business in South America today is the best we have ever normally had in spite of a 40% price advantage in favor of the Germans, disregarding quality.

"Now and then we are warned to look out for the expanding French metallurgical industries, with their rather good quality of product. But the weakness of France in any international competitive commercial field — indeed, the weakness of all other nations, is that they do not have the enormous domestic demand, the engulfing home market, that the United States has. Their industries do not have the adequate domestic base to put them on a huge mass scale production of high quality.

"Our home market is amazing in quantity and superlative in quality. It demands the best at any cost. Being about nine-tenths of our total market it sets the standards of production. We go out into the world with the best goods. We do not need the foreign markets so badly as to cut quality. America has the biggest junk heap in the world. It seems like appalling waste to Europeans. Really, it is progress; the bigger the heap the better the equipment in use. Newness characterizes all our products. The largest automobile factory in Europe, small as it is according to American standards, is equipped with discarded American machinery.

"The industrial unhappiness of Britain is largely due to the fact that it is running into a new economic world, a world new in its standards of quality and efficiency. Between 1913 and 1925, the whole world of commerce has been upset, knocked down and in part restored. The old and traditional has been displaced by the new and the reasonable. The circumstances peculiarly favor us, with our modernity and newness. The old ways are in the discard, and we have only new ways.

"There are exceptions. Nationalism, clannishness, political control, lack of sufficient interest to put driving power behind our goods block us almost completely in some markets. In the East Indies, in other parts of Asia, and in many of the European colonies we get but an infinitesimal part of the trade. The alliance of banks, traders, government and transport keeps us out. Our superior goods will not sell on their merit alone. Our people are simply childish at times in foreign trade contracts. It looks as if the office boy selects the distributor. One indolent and inefficient, if not malodorous trade agency in China represented 325 American houses and never made any effort except in two or three lines. Eighty American firms were represented in the West Indies by a smuggler, who was merely the holder of the name of a house that had once been respectable and able. A leading American construction supplies company recently appointed a well known international crook as its agent in an European capital.

"Nothing is more deterrent of American success in foreign trade than representation by nations of competing nations. Your British trader is going to give his business to British firms and use his American agency to blanket American sales. That is only human. We shall suffer many a defeat and lose many a rich opportunity until we have more American agents abroad, or natives who have been brought to the United States and put through a course of industrial and commercial Americanization. Moreover American goods are in such a class by themselves that with all good will none but an American or Americanized distributor can successfully promote their sales. The foreigner doesn't understand their qualities, advantages and technique—and service is Greek to him. He can't grasp their selling points.

"We must confess, too, that some of our American lines are behind the times. We are weak in our foreign textile trade, and textiles is one of our most conservative industries. We lost even home markets to foreigners in this line. The Dutch East Indies import $50,000,000 worth of textiles annually and we get but a tenth of one per cent of the business.

"Nevertheless we are making enormous strides in our Asiatic business. We talk much of South America, but where as our exports to that continent are relatively only slightly larger than they were before the war, we have doubled our proportion of Asiatic business. The reason is that Asia is full of people, whereas South America is mostly occupied by scenery as yet. Scenery doesn't consume manufactured goods. China alone has 400,000,000 people. And these people—like people all over the world—are rising to higher standards and are demanding more and better goods. They have no traditions of favoritism opposing our goods because they never used such goods at all before. Naturally they take to the best.

"Besides the quality of our goods we now have solid advantages that we did not have before the war. There are now a hundred American banking houses abroad, we have our own ships and there are American trading colonies everywhere. There is a whole American chain of finance, credit, com-

(*Please turn to page 258*)

Some Interesting Figures on Our World Trade

Thirty-four of the 72 countries that send us more than a million dollars' worth of goods a year increased their sales to us last year over those of 1923. Chief among them were:

Country	Amount of Increase	Per Cent
Brazil	$36,000,000	25
Mexico	27,000,000	19
Philippines	19,000,000	25
Colombia	12,000,000	26
Greece	13,000,000	93
Czechoslovakia	6,000,000	34
Venezuela	3,000,000	26
Russia	7,000,000	494

The United States bought importantly less from these countries in 1924 than in 1923 by the indicated amounts:

China	$70,000,000
Argentine	40,000,000
Great Britain	40,000,000
Germany	22,000,000
British India	25,000,000
Italy	17,000,000
Cuba	15,000,000
Canada	17,000,000
Australia	8,000,000
Egypt	9,000,000

Notable export gains were made by the United States to 29 of its 35 leading market countries in 1924, compared with 1923:

Country	Amount	Per Cent
Great Britain	$99,000,000	11
Germany	124,000,000	39
Italy	16,000,000	12
Netherlands	43,000,000	39
Mexico	15,000,000	12
Belgium	15,000,000	15
Brazil	20,000,000	43
Spain	9,000,000	15
Philippines	10,000,000	21
Russia	35,000,000	555
Brit. So. Africa	8,000,000	27
Colombia	6,000,000	29
Venezuela	6,000,000	48
Greece	5,000,000	41
Panama	5,000,000	21

Only these five countries succeeded notably in cutting down their imports from the U. S. in 1924 as follows:

Country	Amount of Decrease	Per Cent
Canada	$30,000,000	4
Japan	14,000,000	5
Poland and Danzig	8,000,000	62
Latvia	4,000,000	79
Norway	4,000,000	16

Industrial Boom Transforming the South

"Go South, Young Man, Go South," Is the Present Day Slogan—Tremendous Progress in Last Few Years—Great Building Boom—South's Bright Future

By BARNARD POWERS

Some Leading Representatives of Southern Industries

Name of Company	Type of Business
Alabama Power Co.	Public Utility
Amer. Agricultural Chem.*	Fertilizer Mfg.
Amer. Tobacco Co.*	Tobacco Mfg.
Atlantic Coast Line	Railroad
Atlantic Refining*	Petroleum
Central Leather Co.*	Leather Tanning
Coca-Cola Co.*	Mfg. beverages
Davison Chem. Co.*	Chem. & fertilizers
Ga. Ry. & Pwr. Co.	Public Utility
Gulf States Steel	Iron & Steel
Illinois Central*	Railroad
Island Creek Coal	Soft Coal Producer
Liggett & Myers*	Tobacco Mfg.
Long-Bell Lum. Co.*	Lumbering
Lorillard (P.) Co.*	Tobacco Mfg.
Louisville & Nashville*	Railroad
Penick & Ford, Ltd.*	Molasses, cane syrups, etc.
Reynolds (R. J.) Tobacco Co.*	Tobacco Mfg.
Seaboard Air Line*	Railroad
Simms Pet. Co.*	Petroleum
Sloss-Sheffield S. & I.	Pig Iron Producer
Southern Railway*	Railroad
Tenn. Coal, Iron, & R.R.†	Iron Producer
Tenn. Elec. Pwr.	Public Utility
Texas Company*	Petroleum
U. S. Cast I. Pipe & F.*	Mfg. Cast Iron Pipe
U. S. Tobacco Co.*	Tobacco Mfg.
Va.-Car. Chem. Co.*	Fertilizer Mfg.
Va. Iron, Coal & Coke	Iron and Coal

*Also operate or have properties in states outside the south. †Subsidiary of U. S. Steel Corp.

IT HAS taken the South a half century to shake off the incubus of the Civil War and Cotton. The former, as everyone knows, reduced a fertile and prosperous territory to the starvation point, swept away the accumulated wealth and property of years and crippled the South financially and physically.

Cotton was, and still is, the mainstay of Southern prosperity. For years the South, and the North, too, for that matter, thought of Southern welfare only in terms of the great staple. The world was blind, or seemingly so, to the great mineral wealth, agricultural possibilities, and natural advantages of that great area known as the South which includes about one-third of area and population of the United States.

All that has changed. Like a great, slumbering giant, the South has at last awakened to a realization of its own tremendous possibilities. There is a boom on below Mason & Dixon's lines reminiscent, to those who are old enough to remember, of the great days of the building of the West.

If Horace Greeley were alive today his advice, undoubtedly would be: "Go South, young man, go South." For there lies the only virgin territory in the United States and its latent wealth compares favorably with any similar area in any part of the world.

It may surprise some to learn that up to 1812 the South led New England in manufacturing development. Much of the armament used in the Revolutionary War came from the South for, as Swank, the iron historian, said: the pioneers in the Carolinas and Tennessee seemed to have been born with a "genius for iron-making."

The end of the Civil War found the South in ruins. The pick of its youth had been slain, its livestock destroyed, its lands laid waste and plants and homes by the thousands had been burned. For a decade the South found food and shelter a pressing problem. Hosts of Southerners coming back to the land where they had once enjoyed peace and plenty, packed up their few scanty belongings and sought their fortunes elsewhere.

From 1865 to 1900 about 5,000,000 Southerners migrated north, east, and west taking with them the spirit of the highest type of Anglo-Saxon civilization. The giant slept and would not or could not awake. In 1860, the South contained 44% of the nation's wealth. At the end of the Civil War only a small fraction remained.

Reconstruction was a slow process. Banking was not known in those days as at present. Lacking capital and credit, the South must rebuild from the development of its own resources. It had to recreate its own wealth, which, as all know, is a slow process. Moreover, the curse of feudalism, which was the basis of the old South, still hung in the ambient air. Feudalism is opposed to commercialism. Below the Line, men were "gentlemen" and women "ladies." All of which reads delightfully in O. Henry's brilliant tales but does not conduce to material progress. Work was regarded as an evil necessary to continued existence. Leisure was the cachet of culture. In other words, the South has had to make itself over spiritually as well as physically. To say that it has not succeeded in doing either to a 100% degree is begging the question.

A Few Figures

Perhaps the survival of the feudalistic spirit is responsible for the fact that the South has never been properly advertised. Even today the average Northerner thinks of the South as a place where cotton, moonshine whiskey and jubilee singers come from. He is as ignorant of present day conditions below the Line as the average French peasant who believes that Indians still scalp inhabitants on the outskirts of New York City. I wonder how many of my readers are aware that in the South of today is one-fourth of the country's manufacturing plants turning out 7 billion dollars worth of products annually, that the South has 90,000 miles of railroads or one-third of the iron ore reserves and seven-tenths of the country's remaining forests.

Growth of the South in the last few years has been nothing short of amazing. When H. H. Flagler built the Florida East Coast Railway and the late Henry H. Rogers built a model railroad to the rich coal fields of West Virginia from the seacoast, such activities were regarded as the fancies of multi-millionaires who could afford to indulge their sentimental proclivities. But they were merely anticipating events and events have now caught up to their imaginings.

A Few Statistics

Generally speaking the United States occupies less than six per cent of the land area of the world and has between six and seven per cent of the

world's population. But the United States is producing more than 50% of the industrial output of the world and doing more than one-half of the world's business.

The latest census credits the South with the following approximate percentages of the country's output of the mineral and agricultural products mentioned:

Minerals — Bauxite (aluminum) 100%; Fuller's earth 100%: turpentine and resin 100%; sulphur 99%; carbon black from natural gas 97%; crude barytes (lime) 92%; aluminum 90%; natural-gas gasoline 75%; commercial fertilizer 73%; natural gas 60%; graphite 60%; petroleum 59%; mica 57%; quartz 50%; lumber 50%.

Agricultural Products — Cottonseed oil 100%; sugar cane 100%; cane syrup and cane sugar 100%; molasses 100%; peanuts 100%; peanut oil 100%; cow peas 97%; soya beans 91%; sweet potatoes 91%; sorghum syrup 90%; Winter and Spring vegetables 90%; tobacco 83%; rice 80%; grain sorghums 70%; broom corn 60% butter 50%.

The complete list is much longer and contains a great variety of mineral and agricultural products. The value of the South's agricultural products is 38% of the total for the entire country. Value of mine, quarry and well products of the South total approximately 34% of the country's total and value of the South's mineral products is about 33% of the country's whole.

The cotton textile industry is gradually moving to the South. In 1890 there were approximately a million and a half active spindles below the line against eleven million in New England. Active cotton spindles in the South now total about 17,000,000 or 47% of the country's total and are in excess of the number of active spindles in the New England states.

Capital invested in cotton manufacturing in the South now exceeds $1,000,000,000. New England mill owners are meeting the situation by buying into existent Southern mills or by building additional mills below the Line. During the last eighteen or twenty months it is estimated that approximately $100,000,000 of New England capital has gone South. In the last five years 90% of new cotton mills have been built in the South.

Each year has seen an increasing stream of Winter travel to the Southland. At first it was only great caravansaries at Palm Beach and Miami which catered to the wealthy, but the establishment of public camping grounds all over the South makes it possible for those of moderate circumstances to enjoy the pleasures of a Winter vacation. For every private car which migrates southward, ten thousand flivvers now cross the Line at the beginning of Winter. The farmer from Idaho, the shopkeeper from New Hampshire, the artisan from Michigan, in fact, representatives from practically every State in the Union can be found rubbing elbows and living in contentment at almost any public encampment.

In many parts of the South a real estate boom is flourishing. The daily prints are full of tales of poor and rich persons who bought a few or many acres a year or so ago, and who have sold them at thousands of per cent profit. Miami is a real estate El Dorado, as long as the boom lasts. Men talk in millions of building operations where a few years ago they talked in thousands. During 1924 the total amount of contracts let for building operations in the South, not including any building costing less than $10,000, aggregated $676,000,000 compared with $558,000,000 in 1923. Almost every day, it seems, we read of the plan for some mammoth hotel which will cost $5,000,000 or more. During 1924, more than 600 hotels with an aggregate cost of about $250,000,000 were built in the South. At the (*Please turn to page* 282)

The NEW and GREATER INDUSTRIAL SOUTH

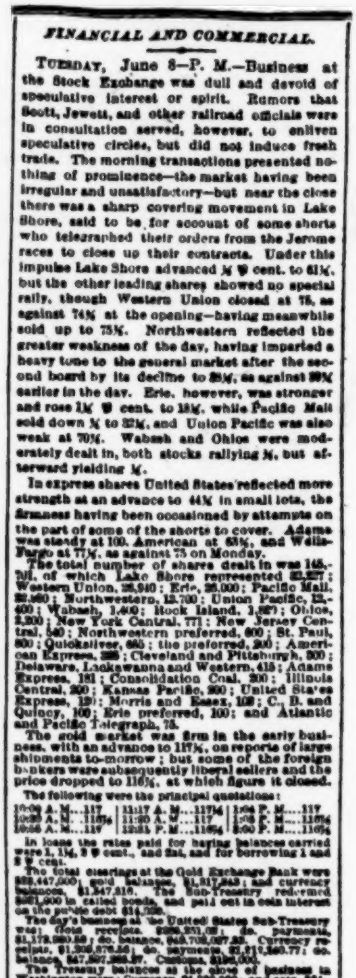
Fifty Years Ago in Wall Street

Stock Market a Small, Domestic Affair—Seats Cost $500 Including Initiation—Tremendous Growth in Last Half Century

By KEITH DE FOREST

WALL STREET fifty years ago was a country village. Today it is a great city. If Jacob Little could walk through the financial district now there would be few landmarks, outside of Trinity Church and Fraunces Tavern, which he would recognize. Wall Street has not only been rebuilt once, but several times in the last half century. And each time on a vaster scale than before. Its great buildings, huddling on the toe of Manhattan island, form a vast group of masonry reaching skyward such as is not to be found anywhere else in the world. Wall Street is not only the center of American markets but also the center of world markets. The great war gave us the financial supremacy which London had held since time immemorial.

Reprinted from the New York Sun, June 9, 1875



FINANCIAL AND COMMERCIAL.

TUESDAY, June 8—P. M.—Business at the Stock Exchange was dull and devoid of speculative interest or spirit. Rumors that Scott, Jewett, and other railroad officials were in consultation served, however, to enliven speculative circles, but did not induce fresh trade. The morning transactions presented nothing of prominence—the market having been irregular and unsatisfactory—but near the close there was a sharp covering movement in Lake Shore, said to be for account of some shorts who telegraphed their orders from the Jerome races to close up their contracts. Under this impulse Lake Shore advanced ¾ ℔ cent. to 61¾, but the other leading shares showed no special rally, though Western Union closed at 75, as against 74¾ at the opening—having meanwhile sold up to 75¾. Northwestern reflected the greater weakness of the day, having imparted a heavy tone to the general market after the second board by its decline to [illegible], as against [illegible] earlier in the day. Erie, however, was stronger and rose 1¾ ℔ cent. to 18¾, while Pacific Mail sold down ¾ to 32¾, and Union Pacific was also weak at 70¾. Wabash and Ohios were moderately dealt in, both stocks rallying ¾, but afterward yielding ¾.

In express shares United States reflected more strength at an advance to 44¾ in small lots, the firmness having been occasioned by attempts on the part of some of the shorts to cover. Adams was steady at 100. American at 63¾, and Wells-Fargo at 77¾, as against 75 on Monday.

The total number of shares dealt in was 145,-[illegible], of which Lake Shore represented [illegible]; Western Union, 28,940; Erie, 28,000; Pacific Mail, [illegible]; Northwestern, 12,700; Union Pacific, 12,-400; Wabash, 1,400; Rock Island, 1,[illegible]; Ohios, 2,200; New York Central, 771; New Jersey Central, 540; Northwestern preferred, 600; St. Paul, 800; Quicksilver, 665; the preferred, 200; American Express, [illegible]; Cleveland and Pittsburgh, 300; Delaware, Lackawanna and Western, 415; Adams Express, 181; Consolidation Coal, 200; Illinois Central, 200; Kansas Pacific, 200; United States Express, 1[illegible]; Morris and Essex, 100; C., B. and Quincy, 100; Erie preferred, 100; and Atlantic and Pacific Telegraph, 75.

The gold market was firm in the early business, with an advance to 117¾, on reports of large shipments to-morrow; but some of the foreign bankers were subsequently liberal sellers and the price dropped to 116¾, at which figure it closed.

The following were the principal quotations:

[illegible]

In 1875, this country was just one hundred years old. General Grant was serving his second term as President of the United States. Henry Clews was thirty-five years old and had been a member of the Stock Exchange for eleven years. Commodore Vanderbilt had still two more years to live and Jay Gould was in his prime. The year 1875 saw receivers appointed for the Wabash, Erie and Central Railroad of New Jersey. The Central of New Jersey went into a receiver's hands, after, as a chronicler of the times quaintly states, "Its borrowing capacity had ended."

The Atlantic & Pacific Telegraph Company was disputing the sway of Western Union and the trunk lines waged endless rate wars in which the Golden Rule played no part. Haskell & Barker advertised "sleeping and day passenger cars" while the Cambria Iron Works proudly announced that it was "now prepared to make 2,000 a week of iron and steel railway bars." The State of New York had a total debt of $30,199,456, including $122,694 of "Indian annuities," but the State of Nebraska had not as yet learned to issue bonds. North Carolina, however, had an indebtedness of $38,921,848 and what that then staggering total indicated may be judged from the following remarks by an analyst of the day:

"This state, which formerly possessed an excellent credit, has within a few years wholly destroyed it by reckless and improvident legislation by which a vast debt has been incurred without securing the roads for which it was created."

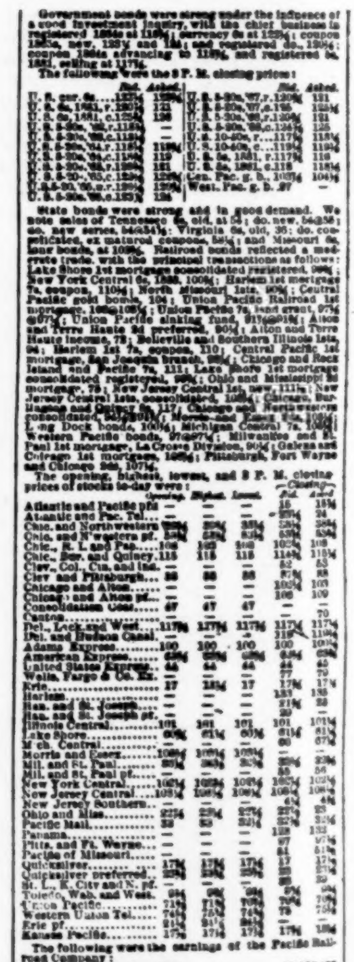
The firm of J. S. Kennedy made its headquarters at 41 Cedar St. and announced that its business was that of "Bankers and Merchants." Inasmuch as the word "Bankers" was in type twice the size of the word "Merchants," it may be assumed that the business of banking was of major importance. John Stephenson & Co. of 42 E. 27th St. announced that it manufactured street cars for two horses as well as cars for one horse and that its cars were of "Elegant style, light and durable, full size and reduced weight."

Some idea of the growth of Wall Street since those times may be derived from the following quotation from a contemporary financial publication:

"The negotiation by Secretary Sherman through a new syndicate of bankers, of $75,496,550 of U. S. 4% bonds, was one of the greatest events, not only of the year, but in the whole financial history of the country, particularly, as nearly the whole amount was subscribed by our own people, with whom 4% was a rate of interest previously unheard of."

Younger Men in Wall Street

As the illustration which accompanies this article shows, the stock market of the times was a small affair. The entire list totals less than 50



issues. With the exception of two telegraph companies, two mining companies, three express companies and one shipping company, it is made up of railroad securities. The day of the industrial had not yet arrived. Among the issues active in 1875 the Atlantic & Pacific has been acquired by Atchison, the Cleveland & Pittsburgh by the Pennsylvania and the Chicago & Alton by the Union Pacific. The Harlem Railroad is now controlled by the New York Central, the Morris & Essex by the D. L. & W., Pacific Mail by W. R. Grace & Co. and the Panama Railroad by the U. S. Government. Pittsburgh & Fort Wayne belongs to the Pennsylvania, while the Missouri Pacific includes the former Pacific of Missouri and the Kansas Pacific. The total of shares traded in on June 9, 1875, was 145,701.

Finance in those days was taken very seriously. A bald head, or at least gray hair, was considered as the necessary hallmark of a financier. The efforts of younger men to gain an entrance to the Stock Exchange were regarded by the older members as "an impertinent intrusion on the natural rights of the senior members."

But the younger generation was not to be denied. Henry Clews recites how he stormed the Stock Exchange citadel by advertising to execute orders in securities at half the then prevailing rates. The younger blood in finance finally broke down the barriers and the result was an impetus to financial and business progress "from the good effects of which the country has never receded."

At that time the Stock Exchange was situated on William street between Beaver street and Exchange place. It was that that Jacob Little made and lost nine fortunes and it was there that Anthony Morse, light-

(*Please turn to page* 275)

Are Public Utility Stocks Inflated?

Sensational Advances in Many Issues Lead to Skepticism of Market Position

WITH the greatest speculation in recent years centering on public utility stocks, the question arises: Are public utility stocks too high? That a basis for this question exists may be appreciated from the fact that in the past few years, many public utility stocks have tripled and quadrupled in market price and there have been not a few with advances of 1000 per cent and more. American Water Works common, for example, is selling to-day at an equivalent price of not less than eighty times its lowest price of 1921. This, of course, is not the rule but it serves to illustrate the way in which the public has been caught with the speculative fever created by moves in public utility stocks.

Generalizations, naturally, are impractical and there would be little use in making the statement that public utility stocks, as a class, are too high. Each case must be decided on its individual merits though it is worth remarking that there are still quite a number of issues in this group which are undervalued despite their market enhancement during the past few years.

The fact remains, however, that many issues have been pushed up altogether out of proportion to their present or any conceivable future value. In this respect, the speculation in utilities is not at all dissimilar in character to the recent unfortunate speculation in radio stocks, a bubble that was quickly burst when the true nature of the difficulties in the way of this new industry were better understood. Fundamentally, of course, the case of the utilities is not at all analogous with the radio issues but the cases are identical from the viewpoint of market manipulation.

Many of the moves in public utility stocks have been based on merger developments, of which there have been not a few. It should be clear, however, that a merger in itself does not immediately create a value for the stocks affected, of two or three times their average market price. Even if a merger were soundly based, it would still take a considerable period for the effects to be reflected in actual earnings.

Nevertheless, it cannot be denied that rumors of mergers have served to whet the speculative activities of those engaged in purchases of utility stocks. When a situation gets to the point where an entire group moves forward sensationally without discrimination as to actual value, the investor should retreat and leave the field to the speculator. That is why this is not a bad time for investors who are holding utility securities which have had tremendous market moves to take stock of the situation and dispose of their issues, if they feel that they have reached a market level not warranted by true investment worth.

Four-Year Range of Leading Public Utility Stocks Based on Old Capitalization

	1921 Low	1924 Low	1925 High	Recent Price
All Amer. Cables	100	96½	132	132
Amer. Telegraph & Cable	48	38¼	47	40
Amer. Tel. & Tel.	95¾	121⅛	138¾	138⅜
Amer. Water Works (a)	4	40	317½	315
Brooklyn Edison	88	107¼	138½	138
Brooklyn Manhattan	N.L.	13½	45	42¾
Brooklyn Union Gas (b)	51	113¼	179¾	176½
Columbia Gas & Elec. (c)	52	99	207	205⅛
Consolidated Gas of N. Y. (d)	77½	121¾	170	168
Detroit Edison	93½	101¼	123½	123½
Federal Light & Traction	N.L.	75	168	160
Hudson & Manhattan	N.L.	20⅝	32½	31¼
Interborough Rapid Transit	N.L.	12¾	34½	19¾
International Tel. & Tel.	N.L.	66	97¾	92
Laclede Gas Co.	40	79	178	157
Manhattan Elevated Ry.	32	42	100	64
Manila Electric (e)	N.L.	86½	198	168
Market St. Ry.	2¼	6¾	10½	10
Montana Power	43	61¼	86¼	83
Newport News & Hampton R. G. & E.	N.L.	45⅛	65½	65
North American Company (f)	32¼	110	251⅞	250
Pacific Gas & Electric	46¼	90⅛	110¼	110
Pacific Tel. & Tel.	38¼	85	112½	100
Peoples Gas of Chicago	33⅝	92¾	121	117
Philadelphia Co.	26½	42⅞	59⅞	58
Public Service of N. J. (g)	54	78	147½	147
Standard Gas & Elec.	8½	31½	54⅞	54
Third Avenue R. R.	12½	8¾	14¾	9½
Twin City R. T.	31⅛	39½	68	68
United Railways Investment	6	7⅝	32	29¼
Utah Securities	7	16⅝	157⅞	147½
Va. Railway & Power Co.	N.L.	36	119¾	115
Western Union Tel.	76	105	135	132½
West Penn. Co.	9	47½	143	140¼

N.L. Not Listed.
(a) Old stock split up 5 for 1.
(b) Old stock split up 2 for 1.
(c) Old stock split up 3 for 1.
(d) Old stock split up 2 for 1.
(e) Old stock split up 4 for 1.
(f) Old stock split up 5 for 1.
(g) Old stock split up 2 for 1.

Why Savings Banks Should Be Permitted to Invest in Electric Light & Power Bonds

A Broadening Investment Field for Institutions and Private Investors

By CHASE DONALDSON

IN most states, savings banks are not permitted to invest in other than Government and municipal issues, first mortgages on real estate and a certain number of gilt-edge railroad bonds. In a few states, permission has been granted savings banks to invest in public utility bonds, principally those representing strong electric light and power companies. With the considerable improvement in recent years of the investment position of representative electric light and power bonds, it seems difficult to advance sound reasons why investment in this type of security should not be made legally permissible in states which are still under restriction in this respect. Private investors, too, may with profit to themselves consider the availability of this field for their future investments. THE MAGAZINE OF WALL STREET will welcome discussion on the proposal to extend the field of savings bank investments to high-grade electric light and power bonds. This particular article is in the nature of a general introduction to the subject and others will follow in succeeding issues.

SAVINGS banks are restricted by law to very definite safe classes of investment. First mortgages on real estate, municipal and United States Government securities and railroad bonds of the highest grade have constituted the classes of investment most purchased by savings banks. Public utility bonds until recent years have not been considered as favorablely as the classes just mentioned.

Sentiment, however, has been improved and twelve states definitely permit investment of savings bank funds in certain kinds of public utility bonds. Some states specify gas, electric light and power, telephone and even traction securities. Others, however, indicate their preference for electric light and power and gas bonds.

Restrictions on Electric Light and Power Bonds

Electric light and power securities have been gradually coming to a better credit basis and can probably qualify more bonds under the rigid restrictions of some of the states than can other classes of public utility securities. The specific conditions which surround investments of savings funds in electric light and power mortgage bonds are interesting to the individual investor as well as to the banks. Under the laws of several states, interest must be earned at least twice over a period of years; the property value must be adequate to protect the bonds, or in other words—bonds must not be issued to exceed 60% of the property value; franchises must not expire until several years after the expiration date of the bonds; the capital stock must not exceed two-thirds of the total mortgage debt; the company issuing the bonds must be under the juristiction of a Public Service Commission; the system of accounts must be prescribed by a regulatory body; the dividend record must be perfect for five or ten years past; gross earnings per year must exceed $500,000; the company must be incorporated in the United States.

These restrictions are taken at random from the provisions of the various state laws. Certain other very stringent provisions are found in one or two of the laws, such as the one that requires that a company shall not purchase more than a certain percentage of its total energy requirements from outside sources and the one that requires the gas and electric revenues to be 75 per cent of the total revenues. Some of these provisions are the result of particular situations in special states. It is to be hoped, however, that uniform provisions will eventually prevail throughout the country, and that a number of excellent bonds will not have to be rejected because of unnecessary and burdensome clauses.

Attitude of Savings Bank Officials

Officials of the savings banks in general appear to be well informed on the public utility situation and on the specific advantages of electric light and power bonds. In consequence, a greater interest is being manifested in securing legislation to make such bonds legal for savings banks investments in other states. For example, a law has been pending in New York State, in Connecticut and it is believed that New Jersey is becoming interested in addition to the twelve other states which already have adopted enabling legislation.

Investments sufficiently secured for savings bank purposes are becoming fewer and fewer and the yields are becoming lower; therefore, it is only logical that the savings banks should eventually turn to electric light and power bonds. Savings banks officials, as is apparent from clauses in some of the present laws, advance certain objections to various kinds of electric light and power bonds and are well aware of the pit-falls that await the ill informed investor.

The time element in franchises appears to be of great importance to them—in other words—they believe that a franchise should run well beyond the life of any bond they purchase. In the past, the approaching expiration of franchises, in the opinion of savings bank officials, has caused a decline in market values. Indeterminate permits, and franchises of very long duration in a large measure overcome this objection to a franchise which expires before the maturity of the bond.

The danger from franchise expirations, nevertheless, has proved slight, as shown by the recent experience of the Detroit City Gas Company. This company, of course, continued operations even though its franchise had expired; later, a new franchise was granted. The gas and electric companies have reached such a position of importance in the industrial and domestic life of communities that it is unthinkable to believe that any of them would have their property taken from them, or that they would be harmed by political action, the courts and commissions provide safeguards. As the companies are really well protected on the time element of the franchise situation, more importance should be attached to any restrictive or difficult

provisions in the franchise that might affect earning power or operating conditions.

Lack of information on underlying bonds is advanced as another objection by the savings bank officials. It is undoubtedly true that more information should be supplied on specific property, and on earnings applicable to a certain bond issue, and so forth. The complexity of modern public utility operations which extend over wide territories has made the provision of such information difficult, but not impossible. More and more investment houses are specializing in this type of bond and information can usually be obtained through them.

Open end mortgages which permit the issuance of bonds in varying amounts at different maturities and at different interest rates, as the board of directors may stipulate, are not regarded wholly with favor by some of the savings bank people. It is becoming increasingly apparent, however, that the safeguards surrounding such bonds, probably make them a better form of investment than many of the smaller underlying bond issues which were put out many years ago. Such provisions as the amounts that must be set aside for maintenance and depreciation, the inclusion of after acquired property under the terms of the mortgage, careful attention to the property value behind a bond issue, and other more specific safeguards, place the modern open end mortgage on a high investment plane.

Sinking funds are considered desirable by some of the savings bank people. Public utilities, however, represent a permanent investment because the service must continue; therefore, a somewhat different attitude has been adopted by the public utility people, namely, that all money which goes into electric light and power plants and gas plants should be allowed to remain there. If a sinking fund is used it only means that other securities must be issued to pay off the sinking fund. It is simpler, then, to issue securities which do not carry a sinking fund but which are adequately protected by proper maintenance of the property and adequate reserves. This contention is becoming more and more accepted by financial people and investment analists.

Investment Quality of Electric Light And Power Bonds

Savings banks in twelve states, as was indicated before, can now invest in public utility bonds including those of electric light and power companies. In several other states it is possible for the savings banks to invest therein because there are no specific restrictions to the contrary. This is an increasing indication of the quality of electric light and power bonds as investments.

Regulation is rapidly placing the electric light and power companies in a better credit position because the commissions are allowing them to earn sufficient money to attract additional funds for expansion.

Volume of sales is an index of investment popularity. Last year over one billion dollars of new capital went into the electric light and power industry alone. Of this amount, the bankers sold mortgage bond issues exceeding 672 million dollars in value. Such a demand reflects two things: the credit position of the industry, and the steady increase in volume of business of the companies themselves.

Equity is constantly being placed behind the bonds of the power companies through the sales of junior securities, such as preferred stocks and even common stocks to customers and investors. Over two million, five hundred thousand people in the country are now directly interested as holders of electric light and power securities.

A number of lists have been compiled on electric light and power bonds that might be considered legal for saving bank investments. One was presented by the National Electric Light Association Committee on Relations with Savings Banks. By way of example, a few of these bonds are given in the table.

Of additional interest might be a few bonds taken from the list of "Savings Bank Legals" of the State of Maine:

- Appalachian Power Company 1st 5s, 1941.
- Carolina Power and Light Company 1st 5s, 1938.
- Consumers Power Company 1st Lien Ref. 5s.
- Idaho Power Company 1st 5s, 1947.
- Los Angeles Gas and Electric Corporation 1st 5s, 1939.
- Kansas City Power and Light Company A 1st 5s, 1952.
- Northern States Power Company A 1st Ref. 5s, 1941.
- The Ohio Power Company B 1st Ref. 5s, 1952.
- Pennsylvania Power and Light Company B 1st Ref. 5s, 1952.
- West Penn Power Company A 1st 5s, 1946.

Not all of these bonds, of course, would qualify under all states because of certain special state restrictions which do not detract from the intrinsic worth of these bonds. Electric light and power bonds such as these, however, must be considered first class investments of the very highest order and are equally suitable for the individual investor as for the savings bank.

All in all, it would seem that the time has come for savings bank officials to examine without prejudice the proposition of the desirability of their being permitted to broaden their field of investments. In the realm of electric light and power bonds, certainly, there does not appear much reason to doubt the fact that a number of these issues now rank with the best offered in the corporation field. Properly guarded from a savings bank viewpoint, such securities should be desirable for institutional purposes.

Typical Bonds Suitable for Savings Banks

Description	Rate Per Cent	Maturity	Price	Yield Per Cent	Fixed Charges Earned Times Year 1924	Bonds in Per Cent of Property Value Dec. 31, 1924	Stock in Per Cent of Bonds Dec. 31, 1924
Buffalo General Elec. 1st Gold	5	1939	101¼	4.90	4.44	31.6	143.0
Cleve. Elec. Illum. 1st mtge.	5	1939	102	4.85	2.70	56.0	93.0
Phila. Elec. 1st mtge. S. F...	5	1960	100½	4.95	2.53	47.0	97.0
Commonwealth Edison 1st mtge. Gold..	5	1943	101¼	4.90	3.23	49.4	96.4
Niagara Falls Power 1st mtge.	5	1932	101	4.80	2.49	50.0	92.5
Detroit Edison 1st mtge.	5	1933	101¾	4.85	2.47	56.0	82.6
Dayton Power and Light 1st and Ref. ...	5	1941	99¾	5.00	2.27	45.4	89.0

Note: Particular notice should be taken of the evenly balanced capital structures; the amount of stock nearly equals the amount of bonds in six out of the seven examples. The "property value" is the book value of the property in each case. Here, too, it is evident that bonds are outstanding for 50 per cent or less of this value in five cases.

Close Up of Merger Fight Waged By Leading Eastern Roads

Plans Already Made But L. F. Loree Upset Apple-Cart

By CARLTON A. SHIVELY

L. F. Loree, president of the Delaware & Hudson, has introduced new complications in the already complicated Eastern railroad merger situation. All eyes are now on this vital figure in American railroad life. This article discusses the situation in detail and likewise affords a very vivid picture of the titanic conflict between the New York Central and Pennsylvania Systems. This article is worth the closest reading by every railroad investor.

AFTER months of what on the surface appeared to be rapid progress toward a regrouping of the railroads in trunk line territory, a situation has arisen which makes it appear that the consolidation problem north of the Ohio and east of the Mississippi still is a knotty one.

Differences of opinion among the so-called "Big Four" systems—New York Central, Baltimore & Ohio, Pennsylvania and the greater Nickel Plate—are as pronounced as ever. Meanwhile L. F. Loree, president of the Delaware & Hudson, has introduced fresh complications with his plan for a fifth trunk line.

Some fifty-two railroads serve trunk line territory. The Interstate Commerce Commission suggested the creation of nine large systems in this territory. They were to be headed by New York Central, Pennsylvania, Baltimore & Ohio, Lehigh Valley, Erie, Pere Marquette, Chesapeake & Ohio, Norfolk & Western, and New Haven.

In railroad circles, it was assumed that the Commission merely threw out useful hints. Wall Street noted the apparent tendency on the Commission's part to recognize "party lines." The first development came with the hearings before the Commission which brought out the aims both of the bankers and of the railroad executives to go outside prescribed limits and outline systems including roads of strategic value.

Such a system was developed by the brothers O. P. and M. J. Van Sweringen. The "Vans," as they are known in the financial district, let it be known that they wanted mileage in addition to that assigned them by the Commission. Moreover, they backed their intentions by action which netted them more than a foothold in two other units—Erie and Pere Marquette. Chesapeake & Ohio and Hocking Valley were included in the Nickel Plate system in the Commission's plan. The fate of this, the first big Eastern unification scheme, now lies in the hands of the Commission.

In building up their system, the Van Sweringens helped themselves to the key roads in three distinct systems as outlined by the Commission. While they were busy ironing out the creases in the blanket lease by means of which they hoped to bind the new companies to a new Nickel Plate, Wall Street learned that the consolidation idea had caught hold in earnest and that the heads of New York Central, Baltimore & Ohio, Pennsylvania and Nickel Plate were joining in the evolution of a comprehensive plan which would make four main systems instead of nine.

Early in these conferences it developed that Pennsylvania would not "go along" with the others because of the unwillingness of the other three to allot an eastern road to it which would provide trackage into Buffalo. After numerous unsuccessful efforts to win over Pennsylvania, the other trunk line chiefs appeared before the Commission and, with Pennsylvania as a protestant, presented their plan.

Pennsylvania countered with a plan of its own for four trunk lines. Then a comprehensive brief was filed last January by the presidents of the other three roads. To this Pennsylvania indicated it would reply. But when several weeks elapsed and no reply came the word went round that Pennsylvania's objections were being whittled down. For a time the Street believed that revisions were being made which met Pennsylvania's objections.

Pennsylvania's answer finally came, but in a manner wholly unexpected. Instead of withdrawing from its position as a protestant, Pennsylvania widened the breach with a well directed blow at the agreement. Norfolk & Western, controlled by Pennsylvania, announced that it had arranged to lease the Virginian. The fact that Virginian had been earmarked for the Van Sweringens did not appear to indicate a very meek position on the part of the Pennsylvania management. The consternation aroused by this counter move was as nothing compared to a development which followed almost immediately, but from a different source.

Mr. Loree, who returned last fall from his vacation abroad to find his interests partitioned up among the Big Four, stepped forth after long months of absolute silence with a plan for a fifth trunk line and followed this with a deft move which brought consent of the directors of the

Buffalo, Rochester & Pittsburgh to a long-term lease to Delaware & Hudson at a guaranteed rental. Buffalo, Rochester & Pittsburgh, it should be explained, after having been sought at one time or another by five eastern roads, was assigned to the New York Central in the four-line plan.

The Various Plans

The way the trunk line "agreement" stands at the present time is about as follows:

1. The three-company, four-line plan.
2. The Pennsylvania plan for four lines.
3. The Loree plan which calls for five lines in trunk line territory.

The three-company plan is subscribed to by the New York Central, Baltimore & Ohio and Nickel Plate, as already stated. Under this plan, a greater New York Central is set up, with 15,745 miles of track; property investment of $2,345,862,-835, yearly gross earnings of $832,124,017 and net of $145,119,505. To the New York Central proper there are added the Lehigh Valley; Buffalo, Rochester & Pittsburgh; New York, Ontario & Western, and the Ulster & Delaware.

This plan provides for a Pennsylvania System of 16,237 miles; with property investment of $2,-726,273,660; annual gross of $936,517,312 and net earnings of $116,390,539. In addition to the present lines there are added outright the Toledo, Peoria & Western; Norfolk & Western; the western lines of the Grand Trunk and the Chicago & Alton, east of St. Louis, Mo., and Springfield, Ill.

The Nickel Plate assumes the proportions of a 13,056-mile system with property investment of $1,806,392,906; gross of $534,861,064 and net of $88,088,629. In addition to Chesapeake & Ohio, Erie and Pere Marquette which are already leased to it, the system will include Lackawanna; Bessemer & Lake Erie; Pittsburgh & Shawmut and Pittsburgh, Shawmut & Northern.

Baltimore & Ohio will rise to 13,465 miles with a property investment of $1,842,514,527; gross of $575,289,087 and net of $95,542,181. Added to its present lines are the Reading, Jersey Central; Chicago, Indianapolis & Louisville; Cincinnati, Indianapolis & Western; Western Maryland; Ann Arbor; Allegheny & Western; Boyne City, Gaylord & Alpena; Buffalo & Susquehanna; Detroit & Mackinac; Detroit, Toledo & Ironton and the Wabash, west of the Mississippi.

All four systems share equally in the following lines: Delaware & Hudson; Lehigh & New England; Lehigh & Hudson; Montour Railroad; Pittsburgh, Chartiers & Youghbiogheny Railroad; Chartiers Southern Railway; Monongahela Railway; Pittsburgh & West Virginia Railway and the West Side Belt Railroad.

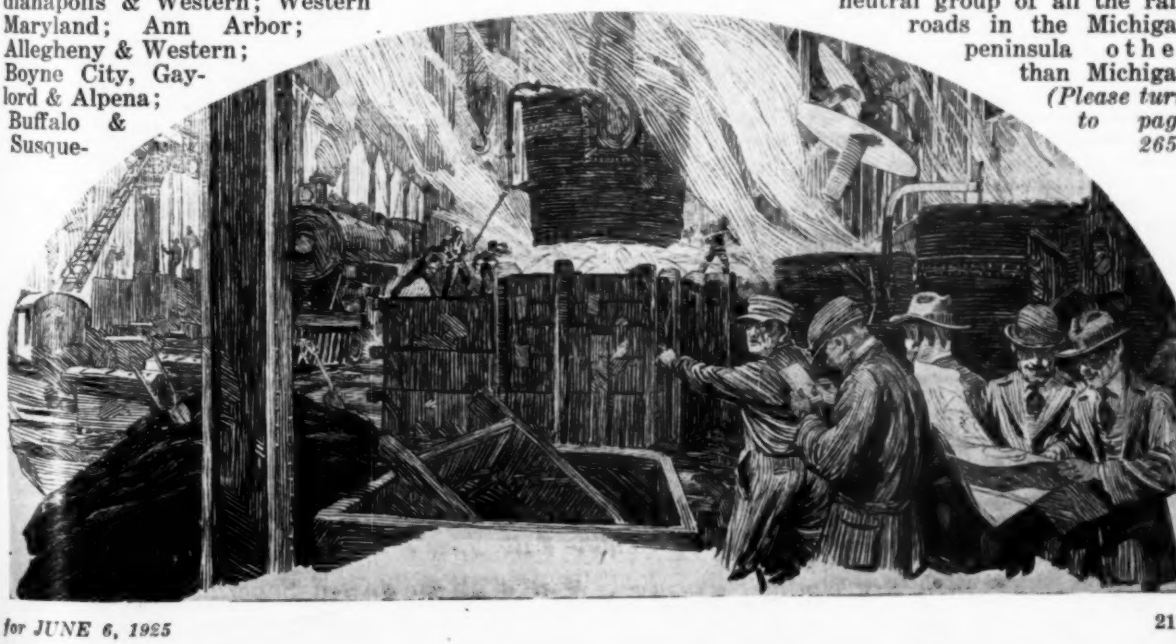
New York Central, Nickel Plate and Baltimore & Ohio share equally in the Wheeling & Lake Erie and the Pittsburgh & West Virginia, west of the Ohio river. New York Central and Nickel Plate divide the Chicago & Eastern Illinois while the former and Pennsylvania share in the Lake Erie & Pittsburgh; Cherry Tree & Dixonville and the Central Indiana Railway. Nickel Plate and Baltimore & Ohio share the Detroit & Toledo Shore Line.

What the Pennsylvania Wants

The Pennsylvania plan calls for an equal division among the four trunk lines of the Reading and the Jersey Central. New York Central is excluded from Lehigh Valley under this scheme but with Nickel Plate is assigned the Lackawanna. The Pennsylvania itself fares well under its plan inasmuch as it takes the Lehigh Valley, Chicago & Eastern Illinois and Lehigh & New England and shares Virginian with Nickel Plate. Pennsylvania also shares Detroit & Toledo Shore Line with Nickel Plate.

Under the Pennsylvania plan, New York Central, without its quarter interest in Reading and Jersey Central, reaches 14,586 miles; Pennsylvania, on the same basis, totals 18,805 miles and Nickel Plate, 12,006 miles. Baltimore & Ohio, with all the Reading and Jersey Central included, amounts to 13,104 miles.

The Loree plan, which calls for five trunk lines, and which provides for the fifth line, groups Wabash; Delaware & Hudson; Lehigh Valley; Lackawanna; Detroit, Toledo & Ironton; Bessemer & Lake Erie; Buffalo, Rochester & Pittsburgh; Western Maryland and the Virginian. In addition to this, the Loree system is given, with Baltimore & Ohio and Pennsylvania a one-third interest in a neutral group of all the railroads in the Michigan peninsula other than Michigan *(Please turn to page 265)*



Equities Behind Reading Common in Excess of $130 Per Share

Value of Jersey Central Holdings—Market Prospect

WHEN Reading segregated its coal and iron properties in 1923, opinion generally was to the effect that the "juice was out of the orange" and that while Reading common could probably continue a $4 dividend rate, it was through as a spectacular performer in the stock market. Such, however, has not been proved to be the case, for Reading common has steadily appreciated in market value. Furthermore, careful examination of the assets of the company warrants the conclusion that even at present levels of around 80 the stock is considerably undervalued.

Equities Behind Reading Common

		Per share on common
Investment in physical property	$298,237,000	
Deduct accrued depreciation	35,467,000	
	$262,770,000	
Less funded debt	126,376,000	
	$136,394,000	
Less preferred issues	69,961,000	
Balance applicable to common	$66,433,000	$47.43
Investments	77,367,000	55.20
Market value Central of N. J. stock in excess of price at which it is carried on Reading books	29,000,000	20.70
Working capital	13,054,000	9.31
Net assets per share on common		$132.64

Although stockholders received valuable "rights" when the coal and iron properties were divorced, Reading compensated itself to a certain extent for the loss of these properties. Thus, it was relieved of about 31 millions of bond liability and received 27 millions in cash assets. Since Reading, previous to 1923, had never received a dollar of income from its coal properties, the effect of the segregation has not reduced non-operating income and has freed the company from some of its liabilities.

Although 1924 was not a particularly prosperous year for the coal carriers, Reading was able to show $8.80 a share earned on the common stock or well over twice the dividend rate of $4 per share. This compares with $14 a share earned in 1923, excluding a special dividend of 3 millions paid by the Reading Iron Company. So far this year, net earnings have shown a moderate increase over the 1924 figures. On the basis of earning power alone, Reading stock appears attractive at present levels, for in view of the strong financial condition of the road current earning power is sufficient to warrant a higher dividend rate.

Merger Prospects

More important than current earning power, however, is the strong strategic position this road occupies in connection with the proposed consolidation of the Eastern lines into four or five large systems. The ace Reading holds is a controlling interest in Central R. R. of New Jersey, which owns on New York harbor the most valuable terminal property in the country. Jersey Central stock, although carried by Reading at only $100 a share, has a book value of over $400 a share and it is well known that the latter figure far understates the present worth of the property. Central of Jersey has never written up the value of its terminal properties on its books, although these have increased enormously in value in recent years. A natural grouping of the Eastern roads would bring together Baltimore & Ohio, Reading and Central of New Jersey under one ownership. Whether Reading goes with Baltimore & Ohio or not, it is a foregone conclusion that due consideration will have to be given to its valuable equities before any deal can be put through.

The accompanying table shows Reading to have net tangible assets of $132.64 a share on the common stock. In this table, book values are taken in each case, with the exception of Central of New Jersey stock, which is valued at the current market price of around $300 a share. The properties are carried in the balance sheet at a conservative basis and actual value of Reading assets are probably considerably in excess of this figure.

Reading common is closely held and the floating supply therefore limited. New York Central owns 9.8 millions, Baltimore & Ohio 10 millions, the Wideners 5 millions, making a total of nearly 25 million dollars of the 70 millions common held by these three interests. (Par is $50.) Large blocks of stock are also held by various estates. In the next few months, there will undoubtedly be a lot of trading among the large Eastern R. R. interests preparatory to consolidation. New York Central would undoubtedly like to have the Central R. R. of New Jersey but if it cannot obtain this valuable terminal property, it will probably demand and receive a very substantial price for its Reading stock. In other words, Reading is not likely to pass into the control of any other system, except at a price commensurate with the value of its holdings. *It is distinctly one of the most attractive railroad stocks.*

The Next Issue Will Contain a Comprehensive Analysis of the Railroad Earnings Situation, Giving the Actual Earnings of the Principal Roads Thus Far This Year, Together with Our Estimate of Their Probable Full Year's Earnings. The Roads Which Are Doing Particularly Well Will Be Listed Separately.

Bonds

Opportunities in Convertible Bonds and Participating Preferred Stocks

Ten Attractive Issues With Long-Range Prospects

CONVERTIBLE issues present the combined features of relative security of principal and interest with possibilities for speculative profits through their convertibility into common shares. This article gives the essential features of such securities together with a list of ten attractive issues—five bonds and five preferred stocks. The investor who hesitates to buy common stocks, and who at the same time desires to obtain the profits to be had at times from the latter, will find much in this article that is of value.

CORPORATION finance has developed a great variety of securities. Each of these has a definite appeal to certain classes of buyers. The investor wants a security that will provide maximum safety for his capital, accordingly, he invests in bond issues. Another is content to assume a larger risk in order to obtain a more generous income return. To him, preferred stocks are most attractive. Then there is the vast army of the speculatively inclined who dabble in common stocks in the hope of a quick turnover and great gain.

In bull markets, these individuals, assuming they have exercised good judgment in selecting commitments, will reap profits that excite the envy of the investor. The latter would like to participate in these alluring opportunities. He is cognizant of the pitfalls involved in purely speculative ventures, however, and hesitates to undertake the greater hazard.

To such an investor, certain convertible bonds, or preferred stocks, as well as participating issues offer an unusually attractive combination of investment and speculative possibilities with a considerably smaller element of risk than outright commitments in junior securities. Up to the point where the conversion feature begins to operate a convertible bond or preferred stock affords the same degree of safety in principal and interest as any other bond or stock of similar grade. Beyond that particular point, it possesses possibilities for enhancement in market value directly proportionate to the speculative quality of the security, usually a common stock, into which it may be converted.

A moment's consideration will show why this is true. Like other bonds, convertible issues have a prior claim upon earnings and assets of the issuing company. Interest must be paid before any distribution can be made to common or preferred shareholders. Accordingly, the market price of such a bond should not fall below the level which represents its value as a simple bond, or one without the conversion clause. The same is true of the convertible preferred stock although, in this case, dividend payments are subordinate to interest charges.

But by virtue of the conversion privilege, the holder of a convertible bond (or preferred stock) has the equivalent of a long-term call upon the security for which it may be exchanged. In other words, assuming that the bonds are not redeemed in the meantime, the owner has the right to give them back to the issuing corporation and receive common or preferred stocks in return, according to the particular provisions in the conversion clause. Hence, he stands to benefit from any developments of a nature tending to improve the market value of such junior security whether he actually converts or simply continues to hold the original issue.

The same reasoning applies, in a broad way, to participating preferred stocks. These simply entitle the holder to share with common stock owners in net profits on terms indicated in the preferred stock certificate. When it begins to appear that earnings are approaching a volume where the preferred shares may begin to receive extra dividends, their market price naturally tends to rise accordingly.

Issues of these various types are usually brought out by corporations as a special inducement to attract the investor and facilitate needed financing. There are often times when it becomes difficult to sell common stocks except at high cost. Under such conditions, the convertible bond or participating preferred stock finds a readier market because of its greater appeal to buyers. Situations of this kind may be due either to the poor credit standing of the issuing company or to general market conditions.

Convertible bonds, have one other important feature which makes them desirable from the borrowing corporation's standpoint. Their popularity makes it easy to sell such bonds as a junior lien on assets. In the same way, a participating preferred stock may be issued instead of bonds. Financing done in this way avoids saddling the company with heavy fixed charges over a long period of years. Even if convertible bonds are floated this still holds true. Obviously, as the bonds are converted into stock, these fixed charges are gradually reduced to the status of dividend payments and are no longer compulsory payments.

But in view of these characteristics of convertible bonds, it is advisable to be cautions in making commitments. A bond that is the child of weakened financial condition is, obviously, undesirable, at least until it is clear that the cause of the weakness has been removed. Then again the bond, and we may include here participating preferred stocks also, may be redeemable and selling at or above its call price.

When the securities markets are at high levels, as at present, the chances are that many convertible issues will be selling at or very close to their conversion prices. There would be no point in buying the individual security at such a time for the possibility of profit is likely to be too slender. Then too, the conversion privilege which attached to some issues in former years, may have expired.

However, a careful survey of the field shows that there are still several convertible bond issues and participating preferred stocks which may be considered attractive on the basis of yield or possible enhancement in market

value. The most prominent features of a representative list of these are briefly outlined below:

Bonds

Anaconda Copper Mining 7% debentures of 1938 may be converted at any time, prior to February 1, 1932, into common stock at the rate of $50 a share for the first 10 million dollars of bonds so presented. For each succeeding 10 millions, the conversion price rises $3 a share, the last 10 millions of bonds being convertible at $65. Thus, the holder of a $1,000 bond in the $50 class would receive 20 shares of stock if he converted. With the common selling around 39, the conversion privilege is, obviously, attractive only for its long-range possibilities but the bonds offer a yield of approximately 6.8% to maturity at a price of 102, and constitute a good investment holding.

Dodge Brothers, Inc. 6% debentures of 1940 are convertible into common class "A" stock at the rate of $30 a share for the first 5 million dollars of debentures converted. The conversion price increases $5 a share for each 5 millions thereafter, up to $70 a share for the last lot of bonds presented. These bonds are in much the same category as the Anaconda Copper 7s in respect to the value of the conversion privilege. From a purely investment standpoint, they are attractive, yielding 6.3% to maturity on the basis of prevailing prices around 97.

Chesapeake and Ohio convertible 5s of 1946 may be exchanged for common stock at $90 a share up to April 1, 1926 and thereafter at $100 a share up to April 1, 1936. The issue is redeemable at 105 until April 1, 1929 and after that at par. While the bonds are selling about two points above the call price, it is not anticipated that they will be redeemed. Under terms of the merger plan of the new Nickel Plate system, provision is made for conversion of these bonds into common stock of the new company in the same ratio as the old. That is, the holder may exchange each $1,000 bond for 6.11 shares of new preferred and 6.11 shares of new common should the plan become effective. Around 107, the yield is about 4.5% to maturity.

Eastern Cuba Sugar Corp. 7½s of 1937 are guaranteed, principal and interest, by Cuba Cane Sugar Corp. and convertible into common stock of the latter company at $20 a share, or at the rate of 50 shares of stock for each $1,000 face value of bonds. They are redeemable at 107 up to September 1, 1925, the premium decreasing ½ of 1% each year thereafter to 1934 and then at the rate of 1% annually. Cuba Cane common is quoted around 12 so that the conversion privilege must be regarded from the viewpoint of future rather than immediate possibilities. However, around 104, the bonds yield 7% to maturity and are attractive as a medium-grade investment.

Missouri-Kansas-Texas adjustment mortgage 5s of 1967 may be considered a desirable spec-vestment at prevailing prices around 86 where the bonds return a yield of 5.9%. In addition to the relatively attractive income afforded, the issue is convertible into preferred stock of the road, par for par, prior to January 1, 1932. The preferred is now selling around 83 and receiving dividends of $5 a share, with prospects for an increase to the full 7% rate later on.

Preferred Stocks

Famous Players-Lasky 8% cumulative preferred is an attractive investment of the middle-grade type. It is redeemable at 120 and may be converted into common stock at $120. In other words, 1.2 shares of preferred may be exchanged for one share of common. On the basis of present levels around 106 for the latter issue, the possibilities for profit in the conversion privilege seem largely theoretical, but Famous Players has shown an average earning power of more than $15 for the junior issue in the past seven years and might, conceivably, increase its dividends eventually. Meanwhile, the preferred stock, selling around 110, yields 7.3% and appears an attractive holding as a straight investment.

General Asphalt 5% cumulative preferred should appeal to those who are somewhat squeamish about risking speculation in oil company common stocks. This issue is redeemable at 110 and convertible into common in the ratio of one share of preferred for 1.5 shares of common. The preferred is quoted around 97 to yield 5.2%. Its chief attraction, therefore, lies in the possibilities attaching to the conversion feature which would become valuable after the common stock reached approximately $65 a share. It is now selling around 57.

Illinois Central 6% non-cumulative preferred offers the holder a high-grade investment with a certain element of speculative attraction in the fact that it may be converted into common, share for share. The junior issue sells around 114, only slightly below the preferred which, at 115, yields 5.2%. While it is redeemable at this figure, it is doubtful that the issue will be called but even if it were, the holder would still be given the opportunity to exercise his conversion privilege. The common stock has good long pull prospects.

Metropolitan Edison Co. 7% cumulative preferred is entitled to participate equally with the common stock after dividends of $4 a share have been paid on the latter in any one year. The junior issue is controlled by the General Gas and Electric Corp. In view of the rising trend of Metropolitan's earnings in recent years, the participating feature seems to possess possibilities. Net profits last year were more than double the current $4 common dividend. In addition, the preferred stock is a desirable investment at recent prices around par. It is redeemable at $115 a share.

Westinghouse Electric and Mfg. 7% cumulative preferred, par value $50, carries a participation clause under the terms of which common and preferred stockholders share alike in all dividends after 7% has been paid on the former. The common is now paying $4 a share so that the preferred stock is also receiving dividends at the same rate. This is a high-grade investment issue, yielding only 4.8% at recent prices around 84, but having possibilities for the patient holder.

Ten Attractive Convertible and Participating Securities Compared

Name of Company	Type of Security	Convertible Into	Redeemable at	Market Price	Yield %	Market Price of Junior Issue
Convertible Bonds						
Anaconda Copper Mng.	Conv. Deb. 7s, 1938	*Common stock	110	102	6.8	39
Chesapeake & Ohio	Conv. 5s, 1946	*Common Stock	105	107	4.5	97
Dodge Bros., Inc.	Conv. Deb. 6s, 1940	*Class A common	...	97	6.3	24
Eastern Cuba Sugar	Conv. Mtge. 7½s, 1937	Cuba Cane com. @ 20	*107	104	7.0	12
Missouri-Kansas-Texas	Adj. Mtge. 5s, 1967	Preferred @ par	100	86	5.9	83
Convertible Preferred Stocks						
Famous Players-Lasky	8% cum. preferred	Common @ 120	120	110	7.3	106
General Asphalt	5% cum. preferred	*Common	110	97	5.2	57
Illinois Central	6% non-cum. pfd.	Com. share for share	115	115	5.2	114
Participating Preferred Stocks		Participates With				Cur. Com. Div.
Metropolitan Edison	7% cum. preferred	*Common after $4	115	100	7.0	$4.0
Westinghouse El. & Mfg.	7% cum. preferred	*Common after 7%	...	84	4.8	$4.0

***See accompanying description.**

BONDS

THE abundance of money not needed for commerce continues to cause strength in all divisions of the bond market. Gilt edge domestic bonds are being purchased by institutions who find the comparatively low yield attractive in a 3½% call money market. Among some investors, the ease in money has resulted in creating a demand for a number of the high yielding foreign securities. Buyers are willing to assume the risk involved in return for the abnormal yield and speculative promise, balancing the risk against indications of a better situation existing in future in Europe.

As will be observed from quotations, generally speaking, the issues listed in the Bond Buyers' Guide continued their advancing tendency. The Rutland Railroad 4½s gained sharply, selling up four points. Among the utilities, the Ohio Public Service 7s, Hudson & Manhattan issues, American Gas & Electric debenture 6s and the Havana Electric Railway Light & Power 5s, advanced on an average of three points each, with more moderate advances in other issues. A conspicious feature of the public utility section was the rise in the Standard Gas & Electric convertible 6½s, which sold above 135, following in the wake of quotations on the common stock into which it is convertible. Strength also extended into the industrial division, with the Union Bag & Paper Company first mortgage 6s a star performer, with a gain of over four points, followed closely by the International Paper 5s, which gained three. Among the oils, Pan American Petroleum & Transport 6s, gained three. Other oil issues were also in demand. Rubber, copper and sugar bonds were strong, with varying gains among individual issues. Fertilizer loans were not neglected, both the American Agricultural Chemical 7½s and Virginia-Carolina Chemical bonds showing good gains.

Trading continued very active among the middle grade and speculative issues, which showed the greater degree of price appreciation. While high grade bonds were strong, price changes in this division, as heretofore, were of a more moderate character.

Opportunities for enhancement in principal are becoming more and more restricted as quotations mount into higher levels for individual issues. However, such opportunities have not been entirely eliminated. There are a number of bonds yielding high returns for the reason they have been overlooked marketwise. Naturally these will be found in the middle grade and semi-speculative sections. High grade issues selling on a strictly investment basis do not present the opportunities to be found in the other division of the market.

CORRECTION

In our issue of May 9, page 25, the statement was made that Erie R. R. 1st Pf. had never paid dividends. This reference should have been made to Erie Common. No dividend has been paid on the 1st pfd. since 1907.

BOND BUYERS' GUIDE

(Bonds listed in order of preference)

HIGH GRADE

(For Income Only)

		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Non-Callable Bonds:				
Great Northern Genl. 7s, 1936	(c)	110	5.75	2.88
Atlantic & Danville 1st 4s, 1948	(a)	79	5.60	....
Western Union Telegraph Co. 6½s, 1936	(a)	111⅞	5.10	e 1.75
New York Edison Co. 6½s, 1941	(b)	115½	5.10	3.30
Chicago & Northwestern 7s, 1930	(b)	107½	5.30	1.80
Delaware & Hudson 7s, 1930	(b)	108⅝	5.05	2.10
New York Dock Co. 4s, 1951	(a)	81⅝	5.30	2.70
Callable Bonds:				
Armour & Co. Real Estate 4½s, 1939	(a)	89¼	5.60	....
Laclede Gas Light Coll. & Rfd. 5½s, 1953	(c)	101⅞	5.35	1.41
Canadian General Electric deb. 6s, 1942	(a)	107⅝	5.85	g 2.80

MIDDLE GRADE

(For Income and Profit)

		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Railroads:				
Cuba R. R. 1st 5s, 1952	(a)	87⅞	5.95	2.45
St. L. & S. F. Prior Lien 4s, 1950	(c)	78	5.65	1.25
Western Pacific 1st 5s, 1946	(c)	95¼	5.40	2.40
New York, Ontario & Western Rfd. 4s, 1992	(a)	69½	5.80	2.00
Missouri Pacific 1st & Rfd. 6s, 1949	(b)	102	5.85	1.20
Baltimore & Ohio Convertible 4½s, 1933	(b)	95	5.25	1.35
Baltimore & Ohio Rfd. 5s, 1995	(b)	90⅝	5.50	1.35
Missouri, Kansas & Texas Prior Lien 5s, 1962	(c)	94½	5.30	1.10
Boston & New York Air Line 4s, 1955	(a)	72	6.00	....
Kansas City Southern Rfd. and Imp. 5s, 1950	(a)	92⅝	5.55	1.90
Minneapolis, St. Paul & Sault Ste. Marie 6½s, 1931	(a)	103⅝	5.75	1.50
Rutland R. R. 1st 4½s, 1941	(a)	88½	5.60	1.75
Industrials:				
South Porto Rico 1st Mtg. and Co. 7s, 1941	(b)	105	6.50	2.20
Sinclair Pipe Line 5s, 1942	(b)	88	6.20	g 2.50
Goodrich, B. F., Co. 1st 6½s, 1947	(b)	105	6.10	e 2.40
California Petroleum Corp. 6½s, 1933	(c)	103⅝	5.90	4.80
International Paper Co. 5s, 1947	(a)	93⅝	5.45	3.50
U. S. Rubber 5s, 1947	(c)	88⅝	5.90	2.08
Bethlehem Steel Co. 5s, 1936	(a)	92	6.00	f 2.30
Armour & Co. of Del. 1st 5½s, 1943	(c)	93⅝	6.10	....
Anaconda Copper Mining Co. 1st 6s, 1953	(b)	101	5.90	g 1.25
Union Bag & Paper Co. 6s, 1942	(b)	99¼	6.10	f 4.40
Public Utilities:				
Manhattan Railway Cons. 4s, 1990	(a)	62	6.50	g 0.90
Amer. Water Works & Elect. Corp. Col. 5s, 1934	(c)	97½	5.40	2.40
Ohio Public Service 7s, 1947	(c)	110½	6.15	f 2.00
United Fuel Gas 6s, 1936	(b)	100	6.00	e 7.00
Virginia Railway & Power 5s, 1934	(a)	97⅞	5.30	2.00
Hudson & Manhattan Refunding 5s, 1957	(c)	93	5.45	2.60
American Gas & Electric 6s, 2014	(c)	99	6.05	2.00
American Power & Light Deb. 6s, 2016	(c)	98¼	6.10	3.00
Kansas Gas & Electric 6s, 1952	(b)	102¼	5.80	1.80
Havana Elec. Ry. Light & Power 5s, 1954	(a)	91½	5.60	5.00
Commonwealth Power Corp. 6s, 1947	(c)	101½	5.90	4.50
Manitoba Power Company 7s, 1941	(c)	103	6.75	....

SPECULATIVE

(For Income and Profit)

		Apx. Price	Apx. Yield	¶ Int. earned on entire funded debt
Railroads:				
Chesapeake & Ohio Conv. 5s, 1946	(b)	106½	4.50	1.65
Erie Genl. Lien 4s, 1996	(b)	63½	6.35	1.31
St. Louis & San Francisco Adj. Mtg. 6s, 1955	(c)	92½	6.60	1.25
Missouri, Kansas & Texas Adj. Mtg. 5s, 1967	(c)	86½	5.90	1.10
International Great Northern Adj. 6s, 1952	(c)	74¼	5.95	....
Chicago Great Western 1st 4s, 1959	(a)	67⅜	6.30	0.85
Western Maryland 1st Mtg. 4s, 1952	(a)	67¼	6.05	1.20
Rock Island, Ark. & Louisiana 1st 4½s, 1934	(c)	89	6.15	....
Industrials:				
Pan Amer. Petroleum & Transport Conv. 6s, 1934	(c)	114⅜	4.05	25.00
Cuba Cane Sugar 7s, 1930	(c)	95	8.25	2.15
International Mercantile Marine 6s, 1941	(b)	88½	7.10	2.50
American Agricultural Chemical Co. 7½s, 1941	(b)	102⅜	7.20	....
Warner Sugar Refining Co. 1st 7s, 1941	(c)	97	7.30	....
Public Utilities:				
Empire Gas & Fuel 7½s, Series "A" 1937	(c)	103⅝	7.05	3.30
Brooklyn-Manhattan Transit 6s, 1968	(c)	88¼	6.85	f 1.50
Chicago Railways 1st 5s, 1927	(a)	78	16.00	1.08
Hudson & Manhattan Adj. Income 5s, 1957	(b)	76½	6.80	2.00
Interboro Rapid Transit 5s, 1966	(a)	67⅞	7.00	0.90
Third Avenue Railway Rfd. 4s, 1960	(b)	56½	7.50	‡ 1.35

‡ Callable in 1936. ¶ This represents the number of times interest on the companies' entire outstanding funded debt was earned, based on earnings during the last five years. Includes government payments during period of government operations of railroads.

(a) Lowest denom., $1,000. (aa) 1922. (b) Lowest denom., $500. (c) Lowest denom., $100. (d) Lowest denom., $50. e Average last three years. f Average last two years. g Average last four years. ‡ Does not include interest on adjustment bonds.

Money, Credit and Business

Business Presents a Confusing Picture

Many Cross-Currents Visible—Earnings and Profits—Commodity Prices Irregular—Foreign Trade Surprisingly Good

EXCEPTIONAL strength in certain divisions of the stock market is hardly paralleled by equal strength in industrial conditions. The country is active and business, it is true, is on a large scale, generally speaking, but the margin of profit is not large. Prices are low and buyers are reluctant to make extensive purchases until they feel the market is more stabilized. Hand-to-mouth buying, accordingly, is the rule. Obviously, the foundation is strong since stocks are not large. Consumption is very considerable and the recent cutting down of production has tended to limit the size of visible supplies. On the other hand, buyers do not consider it necessary to make replenishments on a large scale as they are uncertain as to how long the buying movement will continue. Furthermore, they are confident that prices will not rise much in the near future.

Confidential reports from various industries indicate that conditions are not likely to change much in the next few weeks and, in fact, in certain lines such as steel, iron, automobiles, accessories, tires, chemicals and building materials, a recession in output is to be expected. The summer, in other words, is likely to prove a base for autumn and winter conditions, with the outlook for that period entirely uncertain. The summer, consequently, will have to be watched very closely in respect to general business conditions as it will give a clue to the probable situation in the latter part of the year. Incidentally, in late years, conditions in Spring have not proved a good guide to operations in the balance of the year. Consequently, present conditions can hardly be cited as an indication of the future.

Earnings Situation

Earnings, of course, vary greatly but the larger corporations seem to be holding their own. In some instances, as in the automobile industry, profits are extremely large but, naturally, will fall off commencing the end of Spring. The steel industry is somewhat on the down-grade at present with operations for the industry, as a whole, at 70% compared with 90% several months ago. The price level is likewise low and profits, accordingly, are in most cases disappointing. Second quarter earnings will be poor. Prices, however, are stabilizing now, and since stocks are low an increase in orders is in prospect. This should provide an opportunity for increased operations and for an increase in earnings of this industry during the third quarter, thus reversing conditions last year when a sharp shrinkage occurred both in output and profit during this period.

Railroad Conditions

In the railroads, conditions vary. Car loadings are very large but since the limit has been reached in regard to economies of operation, the general profit results are not particularly brilliant except in the case of a few favored roads, especially those operating in the South and Southwest. The Northwest roads are likely to increase their earnings somewhat during the period ahead and, of course, are all looking forward to the crop-moving season. Forecasts in this respect are still too early but preliminary crop estimates do not seem to afford a good base for expecting unusually large earnings for the carriers of the Northwest. Nevertheless, an increase for the railroads, generally speaking, is in prospect, in respect to traffic.

Coal Situation

The coal industry, especially union bituminous mines, is in difficulties and there have been wholesale suspensions of operations. Many companies in this field have either passed or cut dividends and the only solution is abrogation of the wage scale agreement. In the meantime, the non-union mines of West Virginia are profiting from the situation.

The textiles offer a mixed aspect. Conditions, generally, are still poor but the outlook is for an increase in manufacturing operations in the near future. Probably, the industry has turned the corner. The same may be said of the hide, leather and shoe industries.

Commodity Price Outlook

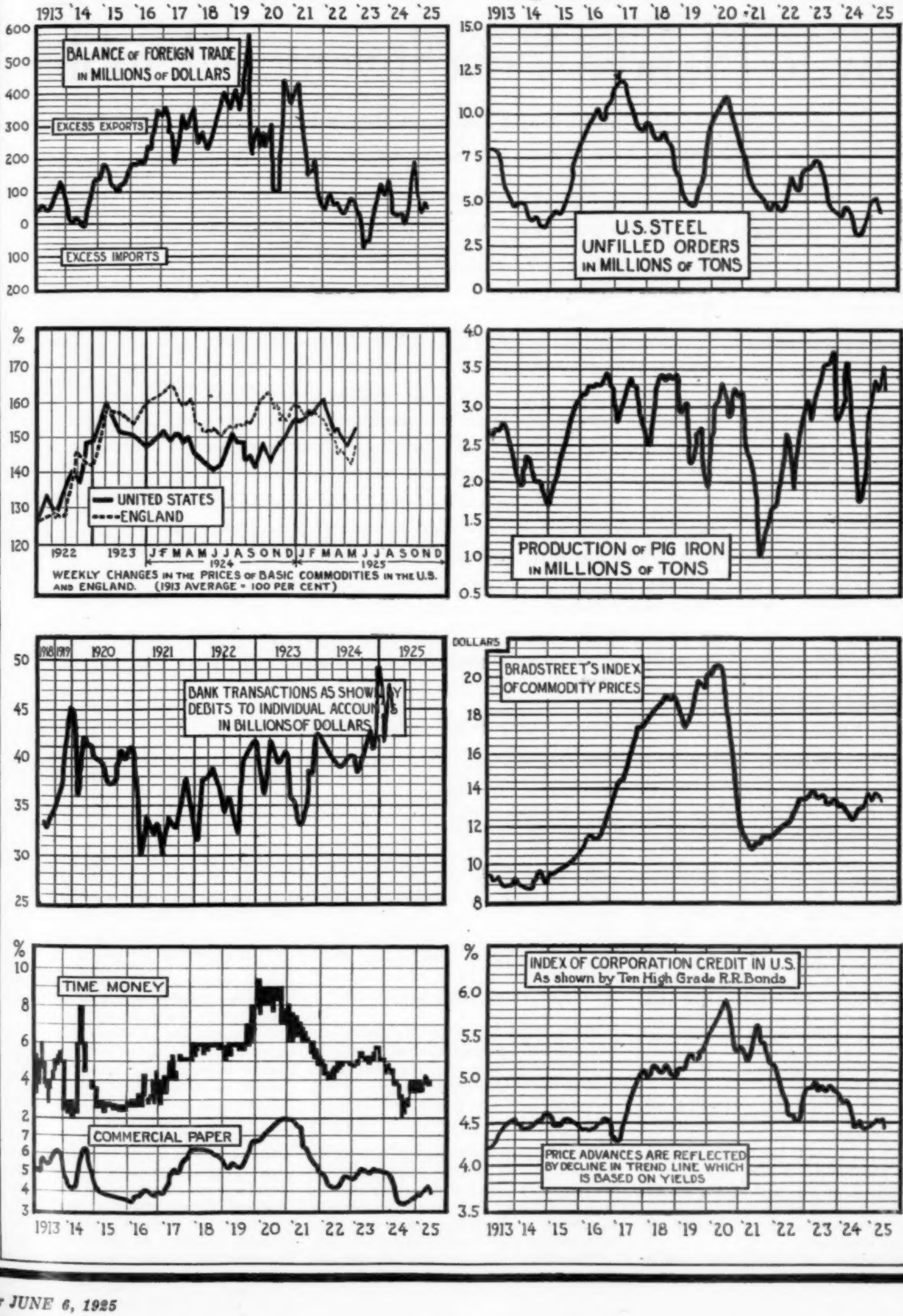
As indicated by the accompanying graph, the average price of commodities still tends downward but the movement is not as sharp as several months ago. A few commodities such as steel and iron are in a position to advance. The grains are stronger on prospects of a smaller crop. Cotton is firm. Rubber is exceptionally strong but the move seems over-done. Coffee is quite weak; but sugar is probably scraping bottom. The same may be said of coal. Chemicals are mixed with a firmer trend. Tobacco is quiet and unchanged. No important change in the general average is looked for but the downward movement seems to have spent its force.

Foreign Trade Conditions

U. S. exports for April amounted to 400 millions and imports to 349 millions, leaving a favorable balance of 51 millions. The balance for January, February and March respectively were: 101 millions, 30 millions and 67 millions Exports are fairly high but the really significant feature is the comparatively large volume of imports. The trend in this respect is distinctly up and the outlook favors increased competition with American manufacture. The following may throw some light on the situation. Examination of a recent list of imports delivered at New York shows that among others there is a considerable volume of incoming goods as represented by linens, cotton goods, woolens, ironware, pig iron, gear machines, glass ware, crockery, clocks, electrical goods, furniture, fertilizers, carpets, aluminum ware, coal tar preparations, dry aniline colors, plate glass, newsprint. All this, of course, in addition to the usual imports of raw materials. It would not seem that our high tariff is effective in keeping out manufactures. Probably, we shall hear a good deal more of this in the near future.

Read Dr. Julius Klein's analysis of the foreign trade situation in this issue, page 202. This article tells whether foreign competition with American industry can become effective and describes the competitive situation abroad.

THE TREND OF MANUFACTURE, TRADE & COMMERCE



"How to Finance and Build Your Business"

A Department of Inspiration and Practical Suggestion, written by Business Leaders for Business Men

How to Handle Your Inventory Problems

Successful Conduct of a Business Depends Largely on Efficiency With Which Inventory Problems Are Solved

By MAHLON D. MILLER

Manager New Business Dept., Lake Shore Trust & Savings Bank, Chicago, Ill.

THE Business Service Department was launched in response to insistent demand from our subscribers whose confidence we appreciate. This organization is in a unique position to analyze the methods of leading companies and their management since investigation into the position of securities first demands careful study of management method, financing, markets, sales and other important factors on which business depends. We are glad to turn this information over to our thousands of business-men readers for their use in their every-day business affairs. Each article of this series has been written by an acknowledged authority of the subject. We invite a careful reading of the Department and shall be glad to answer questions on the various subjects discussed.

FIFTY years ago, the banker who asked for a financial statement was an unknown quantity. Fifty years ago banking relations were so much more personal in their nature than they are now, that it might be said, truthfully, that there was less need for a statement. Why, the Statement? If you know your neighbors personally, your customers' financial condition through close contact, know how much he spends, how he lives, who his friends are, and how he pays his bills, why, then you have a well-rounded human picture of what might be called a real credit risk.

To-day, with our complex business relations in large commercial centers, where one can live in a large apartment house without even knowing the name of his next door neighbor, where financial conditions undergo rapid changes, divers influences work toward unstable credit situations, there has grown a real need for a financial statement if the banker or merchant is to get a true picture of his risk.

So it is, to-day, that a substantial business man, going into, what he regards as a bank worthy of his confidence, finds himself being asked frequently for a financial statement upon his initial visit, and indeed might have cause in many cases, to criticize the bank for its indifference, if he were not asked to fill out or divulge a statement of his condition, the same as he would if he went to his doctor.

With the consequent increasing use of the financial statement, which was greatly stimulated through large scale corporation finance, and the growing use of commercial paper has come a real interest, on the part of the banker and merchant, in what might be called comparative values, as revealed in the financial statement.

What might be called the written histories of corporations, as revealed in their statements, have come to be studied, and analyzed with a view of anticipating the future, through a comprehension of what has already been shown in the past.

It is the purpose of this article to point out some of the factors which reveal the financial condition of a company, through the quantitative, and qualitative discussion of inventories, with the view to establishing a basis of sounder financial procedure in commercial operations.

Size of Inventory Important

Let us take first for discussion the quantitative analysis of the inventory.

Inventories may be revealed in a statement as either very large, normal, very small; or one might say, insignificant, relative to the quantity of goods on hand.

From a banking angle, the size of an inventory is of primary importance. If a company's assets are largely tied up in an unusually large amount of goods, it goes, without saying, that there must be a consequent deplenishment of cash.

The writer bears in mind an instance illustrative of this which came forcibly to his attention a short time ago, of a large manufacturing plant which had something like $100,000 tied up in copper wire which, while it might be said to be staple, was yet a financial burden, by reason of the fact that the said company was unable to cash in on it for six months to come. The effect was that a shortage of cash placed the company in an awkard financial position, even though its liabilities were hardly more than twenty thousand dollars.

Frequently, a banker will go over the statement of a manufacturing company which has been reorganized. He often finds a large supply of merchandise on hand. It may be phonograph motors, hardware, shoes, clothing or any other class of merchandise, and in an amount out of all proportion to the other figures in the statement.

Naturally, the fact that the current ratio of quick assets to liabilities is inflated, one might say, by the huge inventory, does not greatly impress the banker or sound merchant. Experience reveals the fact that a large inventory in normal times, will only affect the condition of the company in so far as it can be turned, say, in 60 or 90 days into cash. It is not unusual to find that a large quantity of what might be called left-over goods, which while it looks "pretty" in the statement, when viewed from the point of view of liquidation, does not prove up so well, and often is found to be of little real market value, either to merchant or the banker who is asked to pass on the statement for a loan.

Since the 1921 deflation, the discussion of how large an inventory to carry has become pertinent, and to-day the thinking merchant is continually on the lookout to see that he does not get "caught." A large inventory is so costly, so risky to carry in a spotted market, that bankers have advised their clients to "stay close to shore."

Not long ago the writer called upon a very large merchant. When the statement was revealed he looked for the inventory. Considering the volume of business done by the particular house, there was a very small inventory. "How can you operate on so small a stock, considering the volume of business you do?" I asked. "Well," he replied, "you see, we buy 'from hand-to-mouth'." "We buy in small quantities, but order very often, and by so doing, we are taking little chance on a change in market prices, but at the same time, are able to meet the divers demands of our customers."

Advantage of Small Inventory

One of the best things which might be said for the small inventory is that it is always possible to jump into the market and take advantage of special bargains. A large paper merchant once remarked that he estimated he made from $20,000 to $30,000 every year, by taking advantage of favorable opportunities to buy what he needed, to fulfill his requirements, and maintained large bank balances especially for this purpose.

Steel Specialty Business
Subject No. 1

Quick Assets	$140,550
Current Liabilities	28,760
Ratio Q. A. to Liabilities	4.88 to 1
Surplus Quick Assets	$111,790
Other Assets	168,115
Total Assets Less Current Liabilities	279,905
Less Mortgages and Reserves	
Net Worth	279,905
Capital—Preferred	
Capital—Common	200,000
Surplus	79,905
	279,905
Total Sales	
Net Profit or Loss	
Dividends Paid	
Charged off, depreciation and bad debts	
Carried to Surplus	
QUICK ASSETS	
Cash on hand and in bank	2,254
Notes Receivable	135
Trade or Bank Acceptances	
Accounts Receivable	12,312
Mdse. finished } Mdse. unfinished }	117,849
Raw Material, Supplies	8,000
Listed Stocks and Bonds	
OTHER ASSETS	
Real Est. Plant, etc.	
Machinery and Tools	130,498
Goodwill, Patents, Patterns, etc.	37,617
Due from Officers, etc.	
Unlisted Stocks and Bonds	
Deferred Charges	
CURRENT LIABILITIES	
Notes Payable	9,000
Trade or Bank Acceptances	
Accounts Payable	15,477
Individual's Deposits	
Accrued Taxes and Salaries	4,283
OTHER LIABILITIES	
Mortgages	
Reserve Accounts	

This company has considerable money tied up in inventories; and this as a result of a reorganization. It will be observed that the statement shows that there are heavier bills payable than accounts receivable, which is not favorable. To determine just how valuable the inventory is in this case, a bank would be obliged to have an expert appraisal company pass on the steel parts, accessories, etc., which comprised it.

Naturally, concerns placed in the position of most advertising concerns, contractors, who carry only an inventory in equipment, and like companies, hardly have what might be called an inventory. It is no more than to be expected that they would have less to offer in case of a liquidation, than other types of concerns, and for this reason, if their ratio of current assets to liabilities is not high, they might be considered by bankers as more of a risk than another class of concerns, who carried large staple inventories which could be turned into cash, in the event of financial difficulty.

Now, you ask: How can we judge of the financial condition of a company through the analysis of the inventory? The answer is that at certain seasons of the year, a company will have either more, or less goods on hand. It has been shown that if the peak of the inventory period is taken, and compared with figures covering, say, three or more years, a very accurate picture of the financial condition of the company is revealed.

The comparison of the figures revealing the amount of goods carried will show certain tendencies at specified seasons of the year. If a graph were made of the figures shown in the inventories it would reflect the depressions, when little goods were carried, and the high spots when there was a great demand for more production, and consequent heavy inventories.

A close analysis of comparative values, then, will make it possible for the merchant to gauge future requirements more accurately. If there is a careful check made on the type of goods held, it will be possible for him to determine how much to buy of particular commodities to anticipate future requirements and demands.

It has been my personal observation that merchants who have made such a comparative analysis have found that they could do the same amount of business on less inventory, and consequently, could put the cash liberated into more productive channels. I bear in mind a large roofing company who reduced their inventories in this way from $300,000 to $100,000, and found that they could do the same volume of business.

Let us now take for consideration the qualitative discussion of inventories with the purpose of determining comparative values, and show how a study of them makes for sounder commercial operation.

Inventories might be said to be staple and unstaple, perishable and unperishable; and from a banking angle the significance attached, to which class an inventory falls into, is of primary importance.

A staple inventory is one for which, in case of liquidation, a ready market could be easily found. The writer bears in mind a large hardware company which had much of its available cash tied up in an inventory. Before the deflation, such an abnormal condition, in the face of a rising market, would be taken by the banker with little concern. However, the spotted conditions revealed in market quotations has been such that banks do not feel over attracted toward such risks, owing to the speculative nature of the operation.

A sharp decline in the market might result in a kink in the financial management of the company which might prove embarrassing, and in drastic cases, fatal to the continued operation of the concern.

The Problem of Unstaple Inventories

Unstaple inventories have proved a serious problem to bankers in some instances; and this was particularly true during the period following in the wake of the deflation.

I know of bankers who have had to take over special brands of sardines, canned fruit, carloads of merchandise, all of which were good, but for which it was difficult to find an immediate purchaser. In such cases, banks have been known to take months to work off large quantities of goods of companies which

(Please turn to page 261)

Hardware Supply Company
Subject No. 2

Quick Assets	$97,182
Current Liabilities	55,501
Ratio Q. A. to Liabilities	1.76 to 1
Surplus Quick Assets	$41,681
Other Assets	21,427
Total Assets Less Current Liabilities	63,108
Less Mortgages and Reserves	
Net Worth	63,108
Capital—Preferred	
Capital—Common	46,000
Surplus	17,108
	63,108
Total Sales (4 mos.)	215,483
Net Profit or Loss	
Dividends Paid	
Charged off, depreciation and bad debts	
Carried to Surplus	
QUICK ASSETS	
Cash on hand and in bank	851
Notes Receivable	
Trade or Bank Acceptances	
Accounts Receivable }	65,987
Mdse. finished }	
Mdse. unfinished }	30,344
Raw Material	
Listed Stocks and Bonds	
OTHER ASSETS	
Real Est. Plant, etc., Furniture } Machinery and Tools, Fixture }	3,247
Goodwill, Patents, Patterns, etc.	3,190
Due from Officers, etc., Stockholders	12,840
Unlisted Stocks and Bonds	1,145
Deferred Charges	1,005
CURRENT LIABILITIES	
Notes Payable	2,500
Trade or Bank Acceptances, Cash Sales	31
Accounts Payable	41,490
Individual's Deposits	11,480
OTHER LIABILITIES	
Mortgages	
Reserve Accounts	

This illustrates the case of a company which has so much money tied up in inventories that the current ratio of quick assets to quick liabilities is less than two to one. In spotted market conditions this would make this risk more or less speculative. If the market grew stronger everything would be satisfactory; if it dropped suddenly, then the company would be short of cash.

Industrials

Twelve Stocks Favored By Experts

Selecting the Most Attractive Stock in Each of Twelve Leading Industries

THE unusual value of this set of analyses consists of the fact that they represent the personal preferences of a number of investment experts. They are, in effect, the response to the following question asked of each of these experts by the managing editor: Which stock do you prefer above all others at this time from the viewpoint of ultimate market appreciation?

Each analyst was limited to one selection from the industry with which he was most familiar but aside from this no limitations were placed on his choice. It will be noted that the list includes non-dividend paying issues as well as those on a dividend basis and that the prices vary from low to fairly high. Generally speaking, the list comprises few truly speculative issues so that the selections will probably interest the investor as well as the long-range speculator.

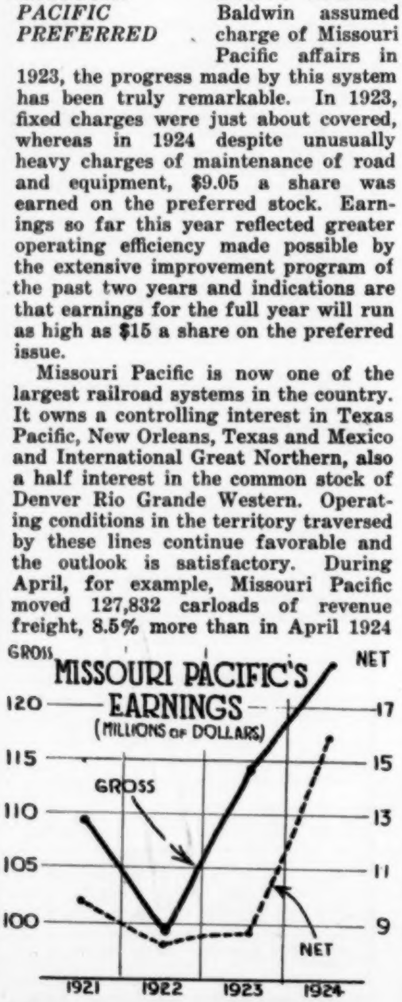
MISSOURI PACIFIC PREFERRED

Since President Baldwin assumed charge of Missouri Pacific affairs in 1923, the progress made by this system has been truly remarkable. In 1923, fixed charges were just about covered, whereas in 1924 despite unusually heavy charges of maintenance of road and equipment, \$9.05 a share was earned on the preferred stock. Earnings so far this year reflected greater operating efficiency made possible by the extensive improvement program of the past two years and indications are that earnings for the full year will run as high as \$15 a share on the preferred issue.

Missouri Pacific is now one of the largest railroad systems in the country. It owns a controlling interest in Texas Pacific, New Orleans, Texas and Mexico and International Great Northern, also a half interest in the common stock of Denver Rio Grande Western. Operating conditions in the territory traversed by these lines continue favorable and the outlook is satisfactory. During April, for example, Missouri Pacific moved 127,832 carloads of revenue freight, 8.5% more than in April 1924 and operating results of controlled lines are equally satisfactory.

Missouri Pacific has financed the acquisition of its new lines through bond issues and is now in a comfortable cash position. With earnings running at the rate of three times dividend requirements on the 5% preferred stock, the management is in a position to consider inauguration of dividends on this issue at any time.

The preferred stock is entitled to 5% cumulative dividends and on April 1st unpaid back dividends totaled 33¾%. *This issue is the writer's selection as the most attractive stock in the rail group from the viewpoint of possible appreciation in market value taking into consideration the degree of risk involved.* Other issues, it is true, may perform more spectacularly but in many cases higher prices are largely dependent on merger possibilities which may or may not come through as anticipated. In the case of Missouri Pacific preferred, the future appears very definitely assured as the road has already demonstrated a large earning power has excellent management and is operating in one of the fastest growing territories in the country.—F. K.



PACIFIC GAS AND ELECTRIC

Pacific Gas and Electric Company common appears to offer the best current opportunity in the listed Public Utility division. The security is currently quoted around 108 and dividends are being paid at the rate of \$8 annually, yielding over 7.4% on the investment. This is about the highest return offered by any good-grade common stock of a public utility operating organization.

This company has a very successful record and enjoys an unusually good management. Approximately 60% of gross revenue is derived from the sale of electricity, 35% from gas, 2% from street railway operations and 3% from other activities. Properties extend into 38 countries in northern and central California with a population of over 2,000,000.

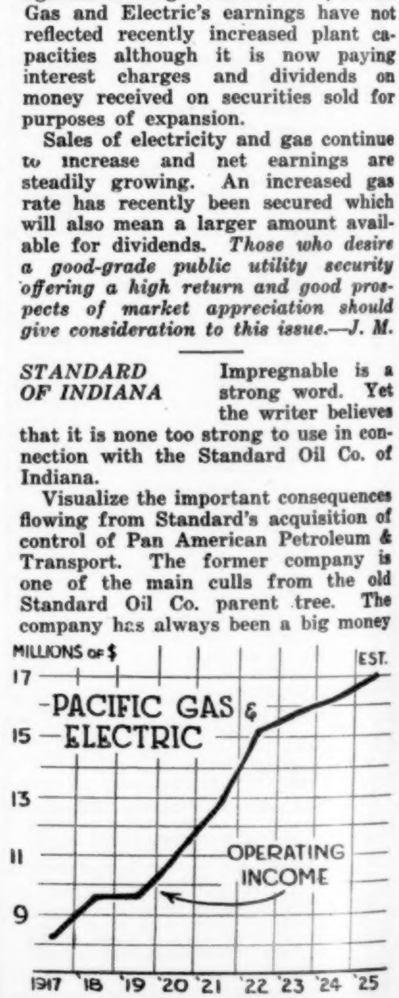
At the close of 1924, the company was in excellent financial condition with net working capital of over \$13,000,000 and no floating debt. Earnings available for the common in 1924 amounted to but \$8.90 per share yet this does not reflect the real earning power. An unusually large amount is set aside annually as a depreciation reserve and obsolete property is retired and charged against earnings. Furthermore, Pacific Gas and Electric's earnings have not reflected recently increased plant capacities although it is now paying interest charges and dividends on money received on securities sold for purposes of expansion.

Sales of electricity and gas continue to increase and net earnings are steadily growing. An increased gas rate has recently been secured which will also mean a larger amount available for dividends. *Those who desire a good-grade public utility security offering a high return and good prospects of market appreciation should give consideration to this issue.—J. M.*

STANDARD OF INDIANA

Impregnable is a strong word. Yet the writer believes that it is none too strong to use in connection with the Standard Oil Co. of Indiana.

Visualize the important consequences flowing from Standard's acquisition of control of Pan American Petroleum & Transport. The former company is one of the main culls from the old Standard Oil Co. parent tree. The company has always been a big money



Three Year Condensed Record of Standard of Indiana

	Earned per Share	Paid per Share	Range of Stock High	Low
1922	$5.61	$*4.00	‡135	58
1923	4.68	2.50	69⅞	49¼
1924	4.56	2.50	68⅝	54¼
1925	....	**2.50	70	59½

*Also 100% stock dividend **Present rate ‡Before 100% stock dividend

maker. In addition to liberal regular and extra cash dividends, Standard has declared stock dividends as follows: 1912, 200%; 1920, 150% and 100% in 1922. It is the dominating figure in the midcontinent field, perhaps the most important oil section of the country, and is the world's largest producer of gasoline which is the most profitable division of the oil business. Standard of Indiana is more of a manufacturer and seller of petroleum products than a producer, though its own production is not inconsiderable.

The Pan American Petroleum Co. is one of the three greatest producers of crude and fuel oils in the world. It was a pioneer in Mexican oil development and is easily the most important oil company in the southern republic. Of late years, it has greatly extended its operations in California, and southern and eastern United States and has branched out into the manufacturing and marketing fields.

With their resources combined these two great companies should be able to stand four square to whatever winds may blow.

Standard of Indiana has a negligible amount of bonds totaling $46,000, outstanding. There is no preferred and the common consists of an outstanding issue of 8,950,248 shares, par 25. The strength of the company's financial position is evidenced by the fact that as of December 31 last Standard had a working capital totaling approximately $61,500,000. Cash on hand totaled $21,300,000, in round figures. Working capital was equal to nearly $7 per share on the stock. Selling at 65 the stock returns only a trifle over 4% on an investment. But one must remember that the good Standard Oils never carry themselves. The purchaser of Standard of Indiana must rely on the theory that the company in the future will approximate its record of the past. *As far as the fallible, human eye of the writer can foresee the long-range prospects for Standard of Indiana were never more brilliant than at present.—K. De F.*

U. S. STEEL The steel industry is well known for its sensitiveness to changes in the trend of business. Earnings of companies in this group are subject to wide fluctuations from year to year. This tends to give the steel stocks a large speculative flavor, yet it is not inconsistent to class U. S. Steel as a sound, long pull investment common stock.

One has but to review the past record of this leading industrial to find that shareholders who have held their favorite through thick and thin have done very well indeed. In an industry of this character, it is average results over a period that should be considered, rather than the showing of an extremely prosperous or panicky season.

Since April 1, 1901, Steel has put more than 862 million dollars of profits back into the business, after paying out approximately $166 a share on the preferred and $117 a share on the common stocks. The tremendous surplus and working capital thus built up are assurances to stockholders that the company will continue to weather industrial storms with, perhaps, greater ease than in former times.

It is conceivable that conditions might arise where the management would see fit to cut off the present extra $2 dividend payments and restore the common stock to the regular $5 rate. But even should such a contingency occur, it is unlikely that shareholders would suffer in the long run. In any case, the dividend seems secure for a considerable period to come. *Though U. S. Steel common is not to be classed as a stable investment, even at prevailing prices around* 118 *the stock does not appear to have exhausted its possibilities as a long range commitment to be held without regard to intermediate market action.—R. S.*

GENERAL MOTORS The charge of following the line of least resistance and taking the easiest way might be made in the selection of the biggest, most prominent and best known com-

U. S. Steel's Quarterly Earnings

	Earned (Dollars per share on common)	Dividend
First Quarter, 1923	$2.20	$1.25
Second Quarter	4.63	1.25
Third Quarter	4.46	1.25
Fourth Quarter	5.08	1.50
First Quarter, 1924	5.04	1.75
Second Quarter	3.44	1.75
Third Quarter	1.72	1.75
Fourth Quarter	1.38	1.75
First Quarter, 1925	2.93	1.75

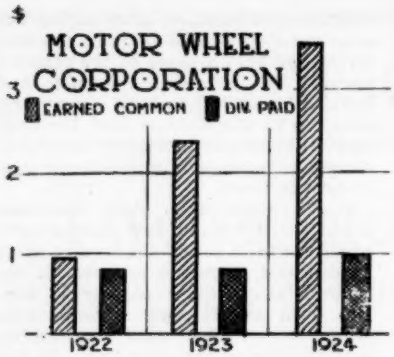
The Twelve Selections

Industry	Company (a)	Price of Stock	Div. per share	Yield %
Railroad	Missouri Pac. (pfd.)	79	....	..
Public Util.	Pac. Gas & Elec.	106	$8.00	7.5
Steel	U. S. Steel	118	7.00*	6.0
Oil	Standard of Ind.	65	2.50	3.8
Automobile	Gen. Motors	75	6.00	8.0
Accessory	Motor Wheel	24	1.60	6.1

(a) Common stocks, except where indicated. *Plus extras.

Industry	Company (a)	Price of Stock	Div. per share	Yield %
Tire	Goodrich	51	....	..
Misc. Mach.	Fairbanks, Morse	35	2.60	7.4
Tobacco	Liggett & Myers	62	3.00†	4.6††
Food	National Dairy	56	3.00	5.3
Chemical	Allied Chemical	90	4.00	4.4
Mining	Kennecott	50	3.00	6.0

†Including extras. ††Not including extras.



pany in any industry as the one which holds the greatest possibility and has the most dependable value. None the less, among the motors, General Motors Corporation shares are selected. When the question of whether any manufacturer or rival competitor has anything which General Motors has not, the answer is decidedly negative. Therefore, if General Motors is pre-eminent, has not the price of the shares discounted that situation?

At the present writing, the average return of the dividend paying common stocks of the leading motor companies is between 7 and 8%. General Motors common selling at 75 and paying $6 returns 8%, and by this measurement General Motors shares have not discounted, beyond hope of further advancement, the position which the company occupies.

Competition in the motor industry is keen and may be keener before long. The day of great successful increases in production above present figures seems gone. The search is for stability and General Motors would seem to be in a strategical position here. The cars it stands for range from the Cadillac in the higher priced field to the Chevrolet in the low priced field with "the bread and butter" Buick in the medium range. In addition, the accessory corrolaries of the corporation are well defined and profitable. General Motors has an equity of over $75,000,000 in the Fisher Body Corporation, 60 per cent of whose stock it owns. Dividends from this investment almost cover dividend requirements on the General Motors preferred shares.

The recent adjustment simplifies capital structure so that there will be one class of 7 per cent preferred following some $11,000,000 first mortgage bonds, with total charges ahead of the common of about $8,500,000 annually. In the first quarter of 1925 earnings on the common stock were equivalent to $3.08, about half annual common dividend requirements. At the end of 1924 the corporation was enormously strong in cash resources and with normal inventories. There is no present thought of a dividend increase, continuity of the $6 rate is well assured, the income return is compensatory, the company is apparently successful in reaching out for earnings stability, has the strongest kind of banking support, excellent management, touches practically all fields of passenger and commercial automobiles. *The issue, in the writer's opinion, is the safest automobile common stock to buy, and the idea of safest does not preclude the possibility of substantial price enhancement from present levels.—L. J. M.*

MOTOR WHEEL CORPORATION A newcomer on the New York Stock Exchange, the Motor Wheel Corporation, appears to have pleasant speculative prospects from the standpoint of earnings expansion. This company is one of the large manufacturers of automobile wheels, the widely known makes being Disteel and Tuarc wheels. Sales are running over $20,000,000 annually and from a net profit of $500,000 in 1920 the company advanced to a net profit of $1,800,000 in 1924, which is all the more striking when the uneven trend of the motor industry for the past two years is considered. The common stock outstanding to the amount of 490,000 shares occupies almost a senior position with respect of earnings equity, because preferred stock and funded debt total only about $3,000,000.

Since the common shares were listed on the New York Stock Exchange there has been no particular attempt to exploit them, although at the current writing they are strong on announcement of the patent on balloon tires awarded by the Patent Office, and which, owing to the company's connection with the patentee may be of eventual benefit in form of royalties.

Dividends of $1.20 are paid on the common against earnings of $3.50 in 1924, with prospects of a higher rate this year. At the end of 1924 treasury position was entirely satisfactory and it is reasonable to assume that higher dividends are in store should earnings continue at the recent rate, and higher dividends will mean higher prices for the shares, because they do not appear to have discounted the earnings position and are in a position, even though unseasoned, of being sensitive to good news.

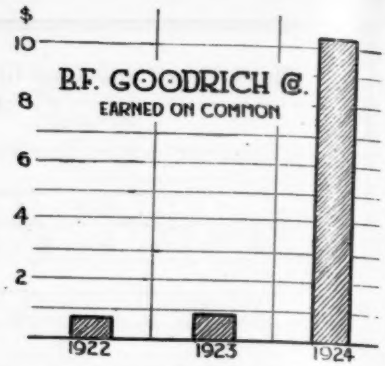
Motor Wheel Corporation is new compared with similar companies whose shares have been brought out during the last five years, but the record of the company since it was formed five years ago furnishes strong evidence in favor of substantial market price appreciation once the shares become a little better known and a little more seasoned. *In the meantime, in the low 20s, they are at an attractive level for a speculative purchase.—H. B.*

(Note: Since above was written dividend was increased to $1.60 per share, but the increase as yet has not been reflected in the market price of the stock.)

General Motors' Record

	Earn. on common per share	number shares	Div. per share
1922	..$2.19	20,557,820	$0.50
1923	.. 2.67	20,557,820	1.20
1924	.. 7.37	5,161,599 no par	*2.15

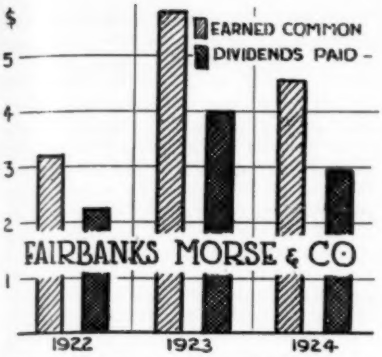
*90 cents on old shares; $1.25 on new



B. F. GOODRICH After four years of starvation, the tire companies started to make some money last year and are continuing at a profit. None of the common stocks of the leading tire companies pays dividends, and most of the present interest in the junior shares centers around dividend possibilities. Goodrich common seems as near, if not nearer, to dividends as any. There is enough evidence to indicate a resumption this year. It is true that the stock already has gone quite a distance in discounting the improvement, but in 1924, $10.27 a share was earned on the common and in the first quarter of 1925 earnings were at the rate of $10.00 a share. At the end of 1924 company was free of bank debt, had $4,000,000 in cash or an amount in excess of total current liabilities.

Margin of profit has bothered the tire companies greatly. In 1922 and 1923 operating profit of Goodrich was about eight cents on the dollar, while last year it was almost thirteen cents. This is highly encouraging. Profit and loss surplus was substantially impaired during the post-war depression, but that was not a condition peculiar to the Goodrich Company. In other words, practically all the tire companies whose shares have a wide public distribution, suffered tremendously. They all started back at about the same time and most of them are prospering now, or at least are making some money, but Goodrich has a claim upon preference mainly because the stock seems to be nearest to dividend payments, also because the management has demonstrated earnings progress in a year of severe operating handicaps, and there is no bank debt to be cleared off before dividends can be seriously discussed.

There probably is no sensational advance in store for Goodrich common, but the writer believes that this is true of all the tire stocks and, of the group, allowing for advances which already have taken place and prospects for the remainder of the year, prefers Goodrich.—B. T.



FAIRBANKS, MORSE Miscellaneous machinery covers a multitude of products with emphasis to be placed, in the writer's opinion, upon those companies which are specializing in internal combustion engines, electrical machinery and machines for farm work. Naturally, competition is large in this line and it is difficult, if not impossible, to find a company which enjoys a non-competitive position. One of the old line, but little known, companies is Fairbanks, Morse & Company, whose business extends back to the period before the Civil War. The trade name is established, reputation secure, earning power stable, allowing for ordinary industrial vicissitudes, dividend record excellent, management alive to the possibilities in the Diesel engines and in the electrical generator and motors lines.

Fairbanks, Morse & Company shares have been on the New York Stock Exchange for only a little over a year, have never been exploited marketwise and are only casually known, but this is no reason why they should be avoided by anyone who is looking for speculative possibilities for the future. Since 1891 there have only been two years in which profits were not shown.

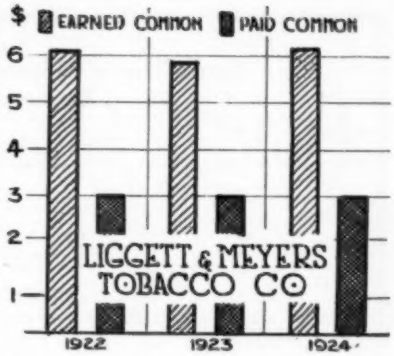
Capitalization consists of $7,300,000 7% preferred stock and 369,000 shares of common. Present dividend rate is $2.60. Earnings in 1924 were $4.75 a share—a good protection for the current dividend rate. During the first quarter of 1925, sales were 15% ahead of 1924, and it is the expectation that improvement will continue. There is nothing in the latest balance sheet which would prohibit an increase in the dividend rate should earnings warrant.

It is the writer's opinion that Fairbanks, Morse & Company is a corporation whose earning power normally ought to allow the payment of a $4 dividend and the chance of such an eventuality is attractively possible. The stock is lingering dully in the neighborhood of 35 where the income return is over 7%. The president has stated that if business improvement continues, higher dividends this year might eventuate. *Possibility of a $4 dividend rate an established earnings record and an enviable trade name and position make Fairbanks, Morse & Company common one of the more attractive of the miscellaneous machinery group. As yet, this issue has not been exploited in the market which is a favorable factor.* —H. B.

LIGGETT & MYERS The business of making and selling tobacco products has attained an enviable degree of stability. Trade names, good will and advertising values count for much more than "brick and mortar" assets. In buying a tobacco stock, earning power should be the chief consideration. The feature of the tobacco industry for the past ten years has been the phenomenal increase in cigarette consumption, which shows no signs of abating and it seems logical in selecting a tobacco stock to pick one which stands foremost in the distribution of cigarettes. Of course that is not the only consideration for selecting Liggett & Myers, but it is a factor which is of prime importance. Three of the best known cigarettes put out by Liggett & Myers are Fatima, Chesterfield and Piedmont. The company also controls several brands of smoking tobacco, the two best known brands being Duke's Mixture and Velvet.

Liggett & Myers has an exceptionally strong cash position, more cash in fact than R. J. Reynolds and the American Tobacco Company. This is due partly to the sale of $10,800,000 common stock to shareholders, which financing was made necessary by the expansion of the business. In 1924, for example, the company could account for over 60% of the total increase in cigarette sales by all manufacturers. In 1924, Liggett & Myers earned $6.04 a share on the outstanding combined common stock and brought net income available for common dividends to above $10,000,000, breaking all previous records. The regular dividend rate is $3.00, but early this year an extra cash distribution of $1.00 was made.

It is possible for a company like Liggett & Myers to pay out a much larger proportion of earned surplus in the form of cash dividends than in the case of an unseasoned company which is just developing earning power. It seems reasonable to suppose that earning power will admit of cash payments of at least $4.00 per share a year, which at the present market price means an income of between 6 and 7%. In addition, shareholders may be expected to



benefit through the offering of stock at attractive prices when the company needs fresh capital for expansion. *Liggett & Myers common is not a trading stock, not one for day-to-day profits, but is, in the writer's opinion, perhaps the most desirable of the tobacco company stocks from a standpoint of real value, preeminence and trade position.—J. M. T.*

NATIONAL DAIRY PRODUCTS Were I required to invest in common stocks at this stage of the market, I should endeavor to select an issue that combined the qualities of stable earning power under adverse business conditions and good prospects for future expansion. The fact that it happened to be selling at record high levels would not cause me to hesitate if I felt that there was room for still more improvement. In my opinion, National Dairy Products meets these requirements.

Although the company is not yet two years old, there is ample evidence of the depression proof character of its business as shown by the accompanying table of earnings. The constituent companies that formed the present organization could trace their history back more than 33 years, on the average, and each of those years was one of successful operations. The secret of this record and its continuation under the new regime is closely bound up with the growth of an industry

National Dairy Products' Record of Growth

	Net Sales	Net Profits	†Earned $ per share	Market Price High	Low
*1919	$11,634,724	$682,148	2.53	not listed	
*1920	15,023,021	761,293	2.82	not listed	
*1921	13,103,922	889,964	3.26	not listed	
*1922	14,079,929	1,015,682	3.76	not listed	
1923	13,568,669	1,371,056	5.08	34	33
1924	20,180,892	1,666,514	6.10	44	30
				Recent Price 56	

*Combined earnings of predecessor companies. †On 270,000 shares of no par value.

Three Year Condensed Earnings' Record of Kennecott Copper

	*Earned per Share	Paid per Share	Range of Stock High	Low
1922	$ .29	$....	39⅝	25½
1923	.96	3.00	45	29⅝
1924	2.02	3.00	57¾	34⅛
1925	....	‡3.00	52¾	46½

*After all charges including depletion ‡Present rate

which caters to an essential human want.

National Dairy Products, as its name implies, engages in an extensive dairy business but, in addition, is a most important factor in the ice cream industry. Its field of operations is constantly growing by virtue of the steady acquisition of existing concerns. Last year, the company took over the properties of the W. E. Hoffman Co., with five plants in Pennsylvania, and the Castles group of ice cream properties in New Jersey.

With the exception of some small mortgages and 6.19 millions of preferred shares of subsidiary companies, National Dairy Products has no capital obligations ahead of the 309,717 shares of no par common stock. Balance sheet at the close of 1924 revealed a sound financial condition with current assets of 3.7 million dollars against current liabilities of 1.4 millions, a working capital ratio of approximately 2.8 to 1.

Though the stock pays a dividend of $3 a share and therefore yields but 5.3% at recent prices around 56, it seems an attractive security for the holder who is willing to exercise patience.—A. T. M.

KENNECOTT My reasons for preferring Kennecott among the mining stock are not obscure. They may be summarized briefly as follows:

Properties: Extensive and diversified.

Ore reserves: Very large and will last far beyond present generation. Utah and Braden, Kennecott subsidiaries, are in the forefront of mines with the greatest developed reserves.

Mining costs: Compare favorably with the best properties. Last year's costs, after depreciation and taxes and after precious-metal credits, were 9.11c a lb. of copper produced.

Earnings: Company reported $2.02 per share for 1924, but earnings before depletion and including Kennecott's pro rata share of earnings of subsidiary companies, were approximately $5.50 per share, or nearly twice present $3 dividend requirements.

Financial position: Strong. While Kennecott reduced its working capital from approximately $27,000,000 at the end of 1923, to approximately $9,000,000 at the end of 1924, if one includes the company's new $12,000,000 5% promissory as a quick liability, by retiring its $15,000,000 7% bonds, the move was justified by earnings and saves Kennecott approximately $450,000 in interest annually. Kennecott will retire $2,000,000 of the notes on Oct. 1 this year and a like amount semi-annually thereafter. At the end of four year the notes will all have been retired. While this may mitigate against an increase in the dividend rate, provided copper metal stays where it is, the financial position of the company will become increasingly stronger as the notes are retired. That increasing strength should be reflected in the price of Kennecott's stock.

Management: Experienced and able.

Prospects: *Kennecott will benefit substantially on an increase in the price of copper. I know of no other mining company whose stock returns 6% on its price and which presents the same degree of security, return, marketability and prospects as Kennecott Copper. Hence it is, in my judgment, the premier mining investment at its present price of 50 per share.—B. P.*

ALLIED CHEMICAL Allied Chemical & Dye and subsidiary companies constitute the largest and strongest organization engaged in the chemical industry in this country. Its chief products are acids, dyestuffs, coal tar products, alkali and soda. Under the head of coal tar products are hundreds of bi-products including dyes which enter into practically every industry of importance in the country. For the year ended December 31st, 1924 $7.24 a share was earned on the 2,178,109 shares of no par value common stock outstanding, comparing with $7.63 a share earned in 1923. This it is true, does not appear a large earning power for a stock selling in the nineties, but earnings as reported by the company do not tell the whole story. The policy of the management has been to deduct from current earnings very large amounts for reserve accounts in addition to the proper depreciation charges. The balance sheet reflects more clearly the progress the company has made since organization in 1921 than does the earnings report. At the close of 1924, for example working capital was 102.1 millions compared with only 66.4 millions December 31, 1921. The company now has 53.8 millions marketable securities on hand whereas four years ago such holdings only totalled 8 millions. This remarkable increase in financial strength has been accomplished without any recourse to new financing and despite the fact that important improvements and additions have been made to the manufacturing facilities.

The company is entirely free of funded debt and the only security ahead of the common stock is $39.2 million 7% preferred. Cash and securities of the company are sufficient to retire the entire issue of 7% preferred stock at its call price of 120 and still leave cash assets of 16 million on hand. If the preferred stock were retired the company would still have a working capital ratio of about 6 to 1, and 2.7 million dollars required annually to pay preferred dividends equal to $1.25 a share on the common would be available for common dividend purposes.

A careful analysis of the company's operations indicates that earnings for the past two years, allowing for normal depreciation charges but excluding extraordinary chargeoffs for reserve, have averaged close to $12 a share on the common stock.

In view of the dominant position this company occupies in its industry, strong financial condition and substantial earning power, the common stock at 90 although it only pays $4 a share is attractive for a long pull investment.—B. M. A.

Growth of Allied Chemical

	1921	1922	1923	1924
Net Earnings	$18,539,961	$19,148,471	$15,114,954	$7,646,909
Earned per Share	$7.25	$7.54	$5.68	$2.27
Cash	10,292,166	7,224,574	11,541,399	11,931,285
Marketable Secur.	53,833,883	43,272,036	23,899,976	8,075,090
Current Assets	110,541,108	101,260,783	86,850,334	74,711,561
Current Liabs.	8,379,589	8,930,779	11,665,466	8,285,909
Working Capital	102,161,519	92,330,004	75,184,868	66,425,652
Funded Debt	none	1,368,000	2,188,000	7,568,458

American Sumatra Tobacco Co.

A Receivership Which Boosted a Stock

American Sumatra "Shorts" Sold Not Wisely but Too Well—Preferred Has Large Book Value—Company to Be Reorganized—Minority Stockholders Investigating

RECEIVERSHIP for the American Sumatra Tobacco Co., if one may take at face the market action of the preferred stock of the company, apparently added about $600,000 to the value of the company's 19,635 shares of $100 preferred stock outstanding. Reversing the ancient adage of Pyrrhus, "Another such victory and we are lost," American Sumatra preferred stockholders might well say, "Another such receivership and our preferred stock will sell at par."

As a matter of fact, however, receivership for the American Sumatra Tobacco Co. did nothing to increase the equities behind the preferred stock. What it really did was to sound the signal for the "longs" in the stock, to close in on the rash and misguided "shorts". The advance in the preferred of approximately 40 points from the low to the high to the year, was purely a market operation known as "squeezing the shorts." Technically a "corner" does not exist in Sumatra preferred, but to the luckless shorts it must appear like a very realistic imitation. The situation is almost unique in the history of Wall Street.

There are about 1500 holders of the preferred stock. Approximately 35 per cent of the 19,000 odd shares outstanding are in the hands of three or four persons. The balance is scattered throughout the country. It is doubtful whether the "floating supply of stock at any time has been much as 10,000 shares. Probably the average is nearer half that amount. It required no major financial operation to sop up the floating supply. There seems to be little doubt that such was done by certain interests who knew the receivership was impending and perceived the profit-possibilities in the situation.

The New York Stock Exchange has been taken to task for the situation in American Sumatra preferred, but the Stock Exchange under its rules can take cognizance only of a "corner" in a stock. Inasmuch as stock could be borrowed even at the height of the "squeeze," albeit at ruinous premiums, the Exchange could do nothing. It has been suggested that the Exchange might rule the issue off the Floor, but inasmuch as practically the only check on the longs is the desire to keep the issue on the Exchange, such action might have resulted in the longs putting the stock to an unconscionable figure, as in the case of the Stutz corner when an outside price of $650 per share was established. A clear lesson to be derived from the situation is that bear operators should not sell an issue with a limited floating supply and in which there is a large and well informed short interest.

Causes of Receivership

Immediate cause for the receivership was officially announced to be the inability of the company to refinance its $2,958,500 7½ per cent notes due June 1, 1925. A restrictive provision of the charter prevented the company giving any satisfactory security for a refunding loan, without unanimous consent of the preferred stockholders. This, in conjunction with the company's wretched earnings in the last three years, proved a fatal bar to refinancing. In the last three years American Sumatra has lost approximately $6,000,000.

American Sumatra is unique among the tobacco companies in that it is a producer and not a manufacturer of tobacco. Its business, therefore, is almost entirely agricultural. Almost without exception the big tobacco companies steer clear of the producing end of the business, and thereby escape the vicissitudes incidental to all production of crops. American Sumatra's chief activities center around the raising of leaf tobacco used for cigar wrappers. When one realizes that the success of the crop sets the value of the leaf, and that tobacco leaf ranges in value from 3c to $4 or $5 a lb., according to quality, one perceives the hazards of the business. Too much sun or too little, too much rain or a lack of it, storms which destroy the shading canopies, insects which attack the plants, etc., etc., are factors which make or break a crop. Suffice to say that for three years in succession the company experienced bad crops.

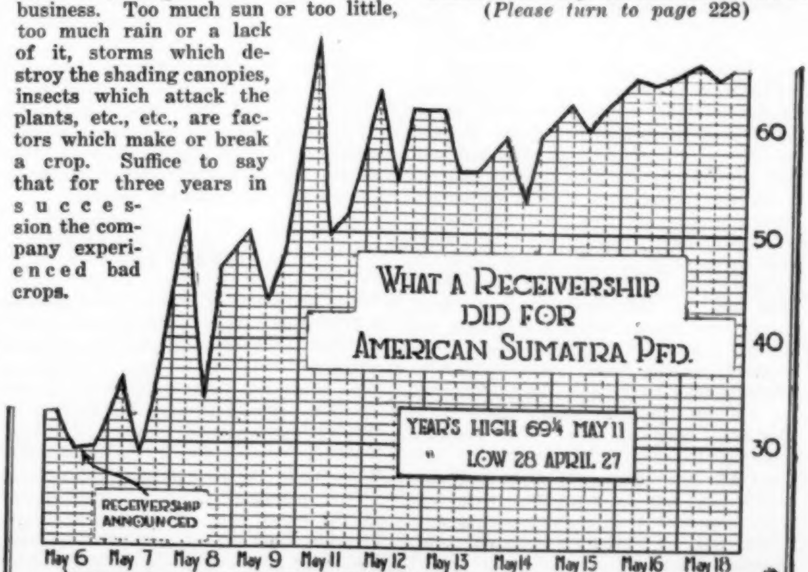
The foregoing explanations for American Sumatra's difficulties, however, have not seemed adequate to some of the larger minority stockholders. They have engaged counsel and are delving into the company's books to determine whether the forces of nature are alone responsible for bringing the company from a one time profitable organization to the hands of a receiver. American Sumatra's purchase and subsequent sale of a controlling interest in the Consolidated Cigar Corporation will receive careful scutiny. Charges that the Consolidated affair cost American Sumatra upwards of $1,000,000 and that there was an interlocking of financial as well as corporate interests, are being bandied out. In short the question is whether American Sumatra has suffered from bad management as well as bad luck. The receivers have granted the complainants an opportunity to examine the company's books and the facts, if any, behind the charges, will be aired.

Expects to Reorganize

Present plans of the dominating interests are to reorganize the company, eliminating the bothersome charter features and starting out afresh. The reorganization plan will be awaited with interest by the company's shareholders numbering about 6,000.

As of December 31 last the American Sumatra has a profit and loss deficit of

(*Please turn to page* 228)



Have the Fertilizer Companies Turned the Corner?

What an Investigation into the Current Condition of the Industry Reveals—Outlook for the More Important Issues

By ALEX. A. McCURDY

FEW companies classified in the industrial group have had greater business hardships to overcome in the last five years than has been the lot of the manufacturers of mixed fertilizer products. Dependent upon the prosperity of the farming and planting interests of the country, this group has had what can rightly be called " a tough time" since 1920. But, as the philosopher has truly said "it's a poor road that doesn't lead somewhere". The season which has just come to a close has been an exceptionally good one, in fact the best since 1920, and it is generally felt in the trade that fertilizer manufacturers in all probability will show in the final suming up of their total season's business that they have enjoyed one of the most profitable years since 1920.

Concomitantly, it is expected that their financial statements will reflect this condition and show profits sufficient, or nearly so, to offset the severe losses which these companies have sustained in the four preceding years. These losses have been unduly heavy in the past, a fact which is amply demonstrated by a study of the balance sheets for the 1923-1924 fiscal year. However, as the companies are and have been rather ably managed, it is more than likely that they will be quickly pulled "out of the mire", so to speak, if they are fortunate enough to have a continuation of good seasons for the farmers in the next period.

In this connection it may be stated that the bins of the fertilizer manufacturers are virtually bare of stocks and inventories are extremely light. It is generally considered that the trade will not be disturbed by any large carry-over stocks when the season for buying comes to its final close. Reports from the South state that sales of fertilizers have been unusually large in volume for this season and it is further reported that the acreage planted in cotton in the South this year has been increased four and one-tenth per cent as compared with last year and that the consumption of fertilizer will be well over four per cent. greater than that of last year.

In a summary of fertilizer sales as reported for the month of April by State tax tags, total sales were 641,190 tons of fertilizers in ten Southern States while for the same month last year total sales were 462,446 tons. For the first four months of 1925, the sales were 3,330,046 tons, while in the same period of 1923 the total was placed at 2,919,994 tons. This is an increase of 410,102 tons. The figures do not include the sales in North Carolina, one of the largest consumers of fertilizers in the country, figures for that State not being made public until July 1.

These figures of tonnage, of course, do not indicate what percentage of the sales was made by the individual companies comprising the group, namely, American Agricultural Chemical Company, The Davison Chemical Company, International Agricultural Corporation, and the Virginia-Carolina Chemical Company, the last named being in receivership. It is safe to assume, however, that each company's sales among this volume was in its usual ratio to previous business.

It should be noted that in addition to having disposed of the heaviest tonnage reported in a number of years, the companies have also been able to maintain their prices at a high level and have not had to confront a fluctuating market as has been the case in the past. Furthermore costs of materials have been relatively cheaper than in past years. This has been especially true with regard to potash prices. All of the fertilizer manufacturers are large users of potash as an ingredient of their products. This fiscal year which is just coming to a close, they have been able to buy their potash requirements at prices which were below pre-war levels — a fact which has materially aided them in improving their balance sheets.

AMERICAN AGRICULTURAL CHEMICAL

For purposes of comparison, a table is presented herewith showing the profit and loss accounts and the consolidated balance sheets of the four companies. This table has been arbitrarily drawn up from the respective statements of the companies and items paralleled where possible. While the statements were made by the companies for fiscal years terminating on different dates of the same year, it should be borne in mind that the statements nevertheless cover practically the same business seasons for the four companies. In other words the four companies all sell their goods to seasonal buyers but report their fiscal year's results at different dates.

In studying these figures, it should be noted with relation to the statement of the American Agricultural Chemical Co. that this company has charged off unusually heavy amounts to reserves for doubtful receivables. This company along with the others has in the past found it necessary to extend unusually long lines of credit to their farmer customers and because of the poor seasons experienced by the farmers and planters has had much difficulty in collecting moneys due. In fact the matter of credit has been the bane of the fertilizer companies. No effort has been spared by these companies to collect or secure the past due notes and accounts of 1921 and previous years but the extraordinary losses incurred in 1920-1921 by the cotton, potato and sugar growers, due to the precipitous decline in market prices for their products, far below the actual cost of production, made it impossible for these farmers to liquidate their debts to fertilizer dealers, many of whom were in turn unable to meet their obligations to the manufacturers.

American Agricultural Chemical is in good financial shape and this should be reflected in the annual report in a few months. The company has definitely turned the corner. The preferred stock, of course, is still in a speculative position but its long-term trend should be upward.

VIRGINIA-CAROLINA

Receivers of the Virginia-Carolina company have been able to considerably better the position of the company, it is reported in trade circles and have been able to offset the disastrous effects of the falling off of the company's subsidiaries' cotton oil business. In regard to the cotton oil business it should be stated that this line of business has a serious effect on the entire fertilizer trade.

The placing of a higher tariff upon imports of peanut and sayo bean oil into the United States from the Orient resulted in the deflection of huge quantities of these oils to European markets where they displaced higher-priced cotton oil from the United States. As Europe has been the best customer of the cotton oil producers here, this resulted in considerable losses and was particularly responsible for the predicament in which the Virginia-Caro-

lina company was placed—but a predicament which it is believed the receivers will be able to overcome, if the fertilizer business holds up for a few more seasons as it has during the season just ending.

All the issues of this company, of course, are highly speculative but the long-term trend is more favorable for the company than for several years.

DAVISON CHEMICAL

With relation to the report of the Davison Chemical Co. it is a matter of record that the company has been losing money for the past five years for the same reasons as the other fertilizer concerns. In the year now closing, however, it is the opposite story inasmuch as this company has had the greatest sale of acid phosphate in its career and these sales have been at high price levels—$10 per ton—as against $7 per ton last year. Furthermore this company has made considerable money on its sulphuric acid production, and it is reported as being sold up for the entire year.

Recent strength of the stock is a result of growing appreciation of the improvement in the company's affairs. However, the stock is highly speculative and unsuited to the average investor.

INT. AGRICULTURAL CHEMICAL

In considering the position of the International Agricultural Chemical, it is necessary to recall that this company completed in the fiscal year ended June 30, 1924, a readjustment of debt and a reclassification of its capital stock but as this was not done until late in the year, the full benefits of the reorganization were not evidenced in the financial report for that year. The report for the current fiscal year should show, however, the advantages which have accrued. This has been substantial, it is stated, through a large reduction in interest charges. Furthermore this company has been in the last year, reducing its phosphate rock mining charges by installation of new machinery and equipment and in addition it has received a materially higher selling price for its output than has heretofore been the case in such an exceptionally competitive market as is usually found in the selling of phosphate rock. Another factor, which has worked in favor of this company within the year now ending, is found in the company's contract for sulphuric acid. During this fiscal year the company has been operating on a basis whereby it has been required to receive only such acid as it has found necessary for its own fertilizer business. In the past, the company's sulphuric acid contract forced upon it such a large tonnage of acid that the company had to carry through an uneconomical policy of manufacturing and selling in order to enable it to meet its obligations to receive the contract supply of acid.

Improvement in the company's position should ultimately be reflected in the price of its securities.

Earnings of Four Leading Fertilizer Companies Compared

Profit & Loss Account:	American Agricultural Chem. Company[1]	Davison Chem. Co.[2]	Internat'l Agricultural Corp.[3]	Virginia-Carolina Chem. Co. (In receivership[4])
Income	*$5,953,219.98	$366,942.68	**$1,929,114.11	$1,667,444.66
Deduct: operating & administrative expenses	....	189,712.07	1,255,407.77	....
Reserve for dis., doubtful rec's & contingencies	8,563,663.08	46,634.12	....	3,489,735.25
Depr'ation. & depletion	1,535,481.39	189,680.16	291,404.40	....
Int., div. & premiums	2,441,366.96	440,763.61	931,309.71	3,491,445.24
Total deductions	$12,540,511.43	$866,789.96	$2,478,121.88	$6,981,180.49
Net loss for year	$6,587,291.45	$499,847.28	$549,007.77	$5,313,735.83

Financial Position of Leading Fertilizer Companies Compared

	American Agricultural Chem. Corp.	Davison Chemical Company	Internat'l Agricultural Corp.	Virginia-Carolina Chem. Company
Current Assets:				
Cash	$3,359,496.48	$699,590.09	$1,406,101.58	‡$8,177,930.33
Accts. rec. (less reserves)	21,411,361.45	361,271.80	6,233,913.56	19,635,665.06
Inventories	9,628,762.05	658,711.77	1,771,672.13	8,029,713.41
U. S. Liberty bonds	43,400.00	....	50,000.00	....
Total Current Assets	$34,443,019.98	$1,719,573.66	$9,461,687.27	$35,843,308.80
Other Assets:				
Real estate, mining prop., plant, equipment	39,441,438.93	16,754,973.26	24,171,935.70	51,983,222.47
Invts., inc. int. in allied and other companies	5,406,888.48	4,618,250.00	522,993.20	5,914,431.36
Def. charges, ins., taxes, int. & other prepaid ex.	535,029.47	24,060.97	154,856.44	555,689.59
Sinking funds	506,319.90	548.66	598.91	....
Cash held by banks under claims of set-off	....	....	....	5,190,056.06
Mtg. bonds of company	439,716.50	....	....	....
Due from allied & other companies	....	879,857.17	1,475,836.74	....
Deficit	19,404,875.56	....	....	....
Total Assets	$100,177,288.82	$23,997,263.72	$35,787,908.26	$99,486,708.28
Current Liabilities:				
Acct. payable	§$1,068,821.95	$241,944.70	$324,254.41	†$2,391,833.15
Notes, loans & trade acceptances payable	1,542,135.49	1,744,800.30	3,318,316.75	100,000.00
Bills payable	....	....	....	18,226,949.71
Accrued int. on bonds	951,559.38	....	349,943.70	1,357,312.46
Total Current Liabilities	$3,562,516.82	$1,986,745.00	$3,992,514.86	$22,076,095.32
Other Liabilities:				
Cap. stock, pfd. issued	28,455,200.00	....	10,000,000.00	21,568,536.35
Com. issued	33,322,126.00	9,057,107.72	2,250,000.00	15,972,232.75
Funded Debt	33,738,500.00	....	8,228,300.00	36,750,000.00
Reserves for taxes, depreciation & contingencies	919,931.10	1,466,261.14	5,011,963.25	2,744,843.86
Deferred credits	179,014.90	....	....	....
Bonds of other companies	....	774,000.00	....	375,000.00
Surplus	....	....	6,305,130.15	....
Excess assets over cap. dec.	....	....	6,305,130.15	....
Total Liabilities	$100,177,288.82	$23,997,263.72	$35,787,908.26	$99,486,708.28

1—For fiscal year ended June 30, 1924: 2—for fiscal year ended Dec. 31, 1924: 3—fiscal year ended June 30, 1924: 4—fiscal year ended May 31, 1924. *After deducting operating expenses, cost of maintenance & repairs, selling and administrative expenses. **Gross Profit on operations. ‡Free balances in bank. §Includes accrued taxes. †Includes Receivers bills payable.

AMERICAN SUMATRA TOBACCO CO.

(*Continued from page 225*)

$4,784,369. This could be handled as in the case of Willys Overland, by making the common stock no par value and writing down its valuation in the balance sheet to permit a surplus being shown.

The need for additional money is self evident. After allowing for outstanding notes, the company's working capital, as last reported, totaled approximately $1,748,000 as compared with a working capital of nearly $12,000,000 at the end of 1921. Interest and discount, which proved a light burden in the company's good years, became insupportable when a string of bad years came along. The method of raising new money will be the chief reorganization problem.

The preferred stock has a book value several times in excess of its par, notwithstanding that for several years the company has written off no plant depreciation and carries a good-will item totaling nearly $1,000,000, among its assets. When earnings slump, however, book values are apt to be more theoretical than actual. *In the opinion of counsel for the receivers the preferred stock should realize par, even in the event of liquidation.*

Note: Since preparation of this article, the preferred stock has continued to advance, rising to 86.

Securities Analyzed in This Issue

Preferred Stocks

PREFERRED stocks continued in favor by investors and the general price level in this division of the securities market continued its advance as will be noted by a comparison of quotations with those ruling several weeks ago. This advance was chiefly in the industrial section.

Announcement of the intention by the company to redeem the California Petroleum preferred shares at 120 and the offer to shareholders of a new issue of common stock at 27½ resulted in a flood of buying of the senior stock and an advance in price to 123. Inasmuch as retention of the stock simply means a speculation in the common, from the investment standpoint, we do not regard the preferred shares as attractive at present levels, although the common has speculative possibilities. Holders can transfer to other preferred issues which yield a greater return without speculative inducement.

We have eliminated American Water Works & Electric Corporation 6% preferred, as it is now selling around the redeemable price. We are also inserting Hudson & Manhattan and American & Foreign Power preferred stocks, which we consider attractive at ruling quotations.

PREFERRED STOCK GUIDE

(LISTED IN ORDER OF PREFERENCE)

These Stocks Are Selected as Offering Best Opportunities in Their Respective Classes, Taking Into Consideration Assets, Earnings and Financial Condition of the Companies Named.

SOUND INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Mack Trucks, Inc., 1st........(c)....	7	109	6.4	5.5
General Motors Corp. ....(c)....	7	107	6.5	(y) 5.1
Cluett-Peabody & Co. ....(c)....	7	107	6.5	2.5
Loose-Wiles Biscuit Co. 1st........(c)....	7	105	6.6	2.5
Studebaker Corporation ....(c)....	7	114	6.1	20.0
Schulte Retail Stores Corp........(c)....	8	110	7.2	(w) 10.0
Gimbel Brothers, Inc. ....(c)....	7	103	6.7	3.3
Baldwin Locomotive Works ....(c)....	7	110⅛	6.3	3.2
Endicott-Johnson Corp. ....(c)....	7	113	6.1	4.5
American Smelting & Ref. Co........(c)....	7	109	6.4	1.7
American Steel Foundries ....(c)....	7	110	6.3	6.7
U. S. Industrial Alcohol Co. ....(c)....	7	109	6.4	5.2
Associated Dry Goods Co. 1st........(c)....	6	99	6.0	4.0
PUBLIC UTILITIES:				
North American Co. ....(c)....	3	49	6.1	(w) 6.9
Philadelphia Company ....(c)....	3	47	6.3	5.6
RAILROADS:				
Chicago & Northwestern ....(c)....	7	107	6.5	....
New York, Chicago & St. Louis........(c)....	6	91	6.6	(y) 3.7
Chesapeake & Ohio conv. ....(c)....	6.50	109½	5.9	9.0

MIDDLE GRADE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Bush Terminal Buildings Co. ....(c)....	7	101	6.9	1.1
Brown Shoe Co. ....(c)....	7	102	6.8	3.9
Cuban-American Sugar Co. ....(c)....	7	96	7.2	7.5
California Petroleum partic. pfd. ....(c)....	7	123	5.6	1.3
American Ice Company ....(n-c)....	6	84	7.1	2.0
Armour & Co. of Del. ....(c)....	7	93	7.5	(w) 2.3
Allis-Chalmers Mfg. Co. ....(c)....	7	107	6.5	2.8
Genl. American Tank Car Co........(c)....	7	98	7.1	4.0
Natl. Cloak & Suit Co. ....(c)....	7	102	6.8	4.5
PUBLIC UTILITIES:				
Radio Corp. of America A pfd........(c)....	3.50	50	7.0	(w) 3.5
Amer. W. Wks. & Elec. Corp. 1st........(c)....	7	103	6.8	2.8
Metropolitan Edison ....(c)....	7	100	7.0	(w) 2.3
Public Service of N. J. ....(c)....	8	113⅛	7.0	3.4
RAILROADS:				
Baltimore & Ohio ....(n-c)....	4	64⅛	6.2	(y) 4.75
Bangor & Aroostook ....(c)....	7	91⅛	7.6	2.5
Colorado & Southern 1st pfd........(n-c)....	4	62	6.4	7.5

SEMI-SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
INDUSTRIALS:				
Famous Players-Lasky Corp. ....(c)....	8	110⅛	7.2	(y) 6.5
Pure Oil Co. conv. pfd. ....(c)....	8	105	7.6	4.2
American Beet Sugar Co........(c)....	7	83	8.4	1.5
National Department Stores ....(c)....	7	97	7.2	4.0
Fisher Body Corp. of Ohio........(c)....	8	107	7.4	....
Austin Nichols & Co.	7	92	7.6	1.8
Worthington Pump & Mfg. "A"........(c)....	7	81	8.6	2.0
Orpheum Circuit ....(c)....	8	100	8.0	(w) 3.2
International Paper Co. ....(c)....	6	81½	7.4	1.75
Hudson & Manhattan Ry........(n-c)....	5	69	7.3	(x) 3.6
PUBLIC UTILITIES:				
American & Foreign Power Corp........(c)....	7	89	7.9	(w) 2.0

SPECULATIVE INVESTMENTS

	Div. Rate $ per Share	Approx. Price	Approx. Yield	Times † Divid'd Earned
RAILROADS:				
Chicago, Rock Island & Pac........(5-7%)....	7	97	7.2	(x) 1.35
Gulf, Mobile & Northern........(c)....	6	96	6.2	(x) 1.3
Western Pacific ....(c)....	6	91	6.5	(x) 1.0

(c) Cumulative. (n.c.) Non-Cumulative.
(w) Average for last two years.
(x) Average for last three years.
(y) Average for last four years.
† Average number times earned last five years.

What the News Means

~ Timely and plain-spoken interpretations of the important financial happenings of the day ~

Sinclair Stockholders—

—were cheered at the company's annual meeting by the statement of president Sinclair that for the first time in the company's history 100% of facilities and capital are working and that earnings are running at the rate of $30,000,000 annually. In the first third of the current year gasoline sales increased 65% and the company's sales through bulk and service stations increased 63%. Production of lubricating oil increased 42% in the same period.

* * *

The Amended Martin Act—

—which not only prohibits fraudulent dealings in securities but which requires those offering securities to the public to put themselves and their offerings on record, is warmly supported by the New York Stock Exchange, Association of Stock Exchange Firms and the New York Curb Market. The amended statute resembles, in some respects, the British Companies Act which has worked so successfully in Great Britain. Its "teeth" make it increasingly harder for the promoter of worthless securities to operate in New York State.

* * *

National Bank Resources—

—totalled $23,832,463,000 as of April 6, according to the report of the Acting Controller of the Currency. This represents an increase in a year's time of $1,796,575,000. Total deposit liabilities were $19,382,947,000, a gain of $1,307,357,000 over the previous year. In the same period surplus funds and undivided profits increased from $1,581,268,000 to $1,597,001,000.

* * *

Gasoline War—

—between the Standard of New Jersey and the Texas Co. was averted by an increase by the latter company of two cents a gallon in Greater New York gasoline prices. The New York territory furnishes the largest gasoline market in the world and the big companies have long since learned that there is little nourishment in trade wars.

* * *

Studebaker's Market Sluggishness—

—which lasted until recently, was attributed to no untoward developments in the company's affairs but merely to the fact that the stock lacked market leadership. At last it looks as though someone had taken Studebaker in hand, marketwise. Which again points the observation that stocks don't go up but are put up.

* * *

Car and Foundry Earnings—

—for the year ended April 30 last are estimated at around $15 a share on

(*Please turn to page* 275)

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Actual Changes Reported Since Our Issue of May 9

AMERICAN AGRICULTURAL CHEMICAL CO.
May 20—Offered to purchase: at 102½, all 1st cv. 5s, '28..$5,481,000
(The bonds are callable at 103.)

AMERICAN EXPRESS CO.
May 21—Acquired control: of WELLS, FARGO & CO.

AMERICAN STEEL FOUNDRIES CO.
May 14—Exchanged: 5 shs. new non-par Com. for 4 shs. old Com. ($33 1/3 par).

AMERICAN SUMATRA TOBACCO CO.
May 16—Receivers appointed.

ASSOCIATED DRY GOODS CORP.
May 18—Split: 200,000 shs. Com. (par $100) into 800,000 shs. no par.
Arranged to offer unissued Com. to employees............shs. 40,600

BARNSDALL CORP.
May 27—Offered: to Class "A" and/or Class "B" holders, right to subscribe, at $22.50, to 1 sh. new Class "A" for each 4 held.
shs. 177,134

BUSH TERMINAL CO.
May 14—Exchanged: 1 sh. new 7% Debenture Stk. (par $100)
$6,892,600
and 2 shs. new Com. (non-par) ....shs. 137,852
for each sh. old Com.

CERTAIN-TEED PRODUCTS CORP.
May 18—Issued: for cash, additional Com...............shs. 40,000

CHICAGO, ST. PAUL, MINNEAPOLIS & OMAHA RY.
May 31—Offered to exchange: $19,556,700 Com. and/or $11,259,300 Pfd. for CHICAGO & NORTHWESTERN RY. Com., on basis of 1 sh. Omaha Com. for 5/7 sh. Northwestern Com. and 1 sh. Omaha Pfd. for 1⅙ shs. Northwestern Com.

COLUMBIA GAS & ELECTRIC CO.
May 29—Offered Bondholders privilege of exchanging: 1st mtg. 5s, '27, for an equal principal amt. of 3-Yr. 5% g. Notes, '28, plus $10 cash.

CONLEY TIN-FOIL CORP.
May 15—Paid: 2d liquidating Div. of $2.50 per share.......$497,260

CUYAMEL FRUIT CO.
June 1—Redeemed: assumed 1st mtg. 7½s, '44, of subsidiary entire issue $2,975,000

FAIR (THE).
May 22—Instituted plan: of offering Com. Stk. to customers—$5 down, and $3 a month.

GENERAL ELECTRIC CO.
May 12—Increased: Auth. special $10-par Stk. from $35,000,000 to $55,000,000.

GREAT NORTHERN RY.
May 15—Sold: Series "D," eq. tr. 4½s, '26-'40...........$4,250,000
Up to May 23—Issued: 2,500 shs. Pfd. to local Farmers, at $100.
$250,000
(to help finance 50-mile extension of the road westward from Scobey.)

HACKENSACK WATER CO.
May 11—Created: new issue of 7% Cum. Class "A" Pfd., par $25.
$6,000,000

HARBISON-WALKER REFRACTORIES CO.
May 19—Paid: to Com. Stockholders, a 33 1/3% Div. in Com. Stk.
$9,000,000

INTERNATIONAL COMBUSTION ENGINEERING CORP.
May 20—Increased: Aut. Cap. Stk. from 450,000 shs. to 750,000.

INTERNATIONAL PAPER CO.
May 20—Incorporated: THE INTERNATIONAL HYDRO-ELECTRIC CORP., a subsidiary to be controlled by stock ownership, to take over the parent Company's water power properties.

IRON PRODUCTS CORP.
May 15—Retired: at 110, 8% Cum. Pfd., entire issue........$954,900
(On Jan. 1 UNIVERSAL PIPE & RADIATOR CO. owned $923,500 of the Pfd.)

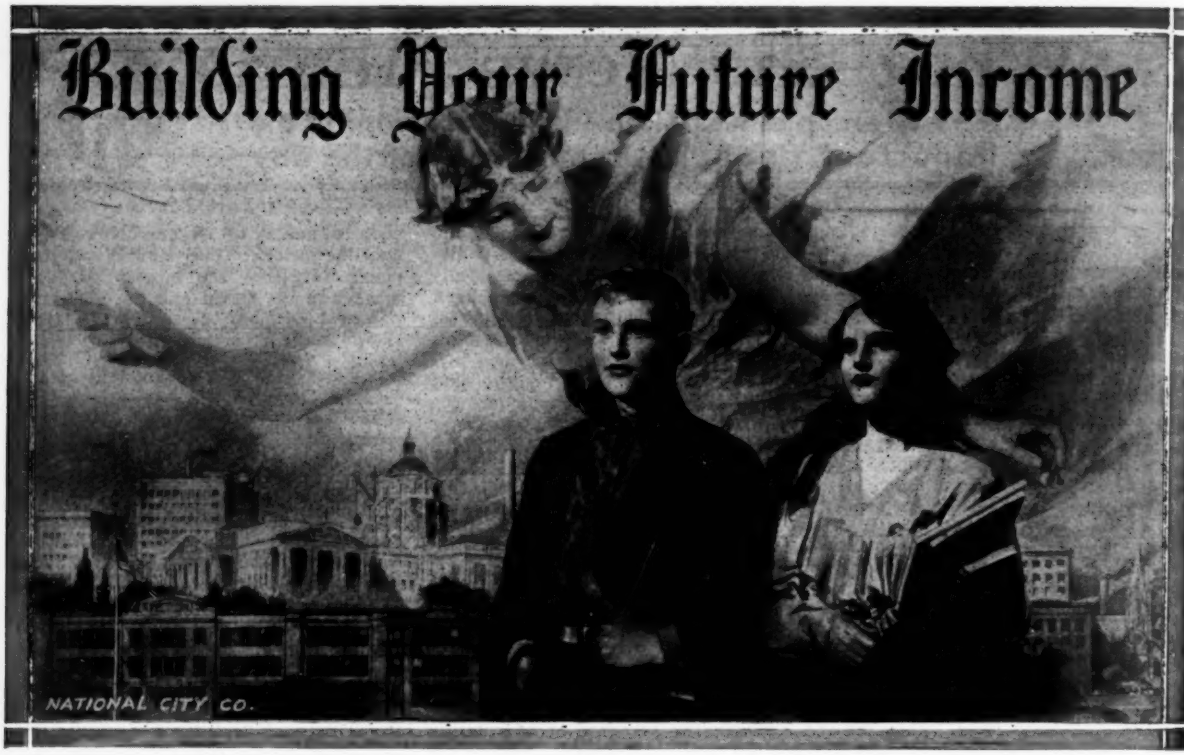
MACY (R. H.) & CO.
May 15—Arranged to purchase: "A substantial interest" in DAVISON-PAXON-STOKES CO., of Atlanta.

MAGMA COPPER CO.
June 1—Redeemed: at 105, 10-Yr., cv. 7s, '32, entire issue.$2,740,500

MANILA ELECTRIC CORP. (THE).
May 15—Offered: to Cap. Stockholders, privilege of exchanging 1 sh. for $50 principal Am't. of 6½ cv. deb. of ASSOCIATED GAS & ELECTRIC CO.

McCRORY STORES CORP.
June 1—Paid: to Class "B" holders a 1% Div. in Class "B" Stk.
shs. 500

(*Please turn to page* 250)



A Word to the Wise

It is probably true that 99% of the newer investors of the land have an abiding faith in the real estate mortgage as a medium of investment where the degree of risk is reduced to a minimum.

The truth has been emphasized in so many different ways, and so voluminous a mass of documentary evidence in support of it has been assembled and distributed, any lesser proportion of believers would be unlikely.

On the other hand, it is probably not true that more than a scattered proportion of these newer investors fully appreciate the difference between a first and a second mortgage. A good percentage, no doubt, realize that a second mortgage is riskier than a first; but *how much* riskier and *why* are questions which, based on observation, we would call the average new investor unqualified to answer.

These two facts—if they are facts—have a very logical sequence. They enable so-called "co-operative" associations, real estate mortgage companies, etc., which—unless all signs fail—are actually operating in the Second Mortgage field—to garner huge sums from the public on the theory that their operations are pre-eminently sound and their field pre-eminently safe. How? Merely by emphasizing their confinement to the *mortgage* market and ignoring their extension into the *second* mortgage market.

The conclusion is obvious and, we think, not untimely: So long as there is even the possibility of such tactics on the part of mortgage dealers, it behooves the new investor to move with extreme caution when entering the mortgage field. Of the co-operative association or mortgage and bond company which solicits his patronage, he has the right to ask, point-blank: What proportion of your assets represents second mortgage security?

If the information be denied him, he will know how to act; if it be forthcoming, he will also know how to act—provided he first locates an authority on the field and learns from him what a wide gulf there may be between a well-margined first mortgage and a second mortgage whose risk-features are indicated by "bonus" fees of upwards of twenty, thirty and sometimes even fifty per cent of the face amount of the loan.

The Most Successful Investor I Ever Knew

And Some of the Tactics Which Have Contributed to His Success

By JAMES W. MAXWELL

1) He Knows What He Is Buying.

2) He Buys Outright.

3) He Prefers High-Priced Issues.

4) He Sticks to "Old-Line" Companies.

5) He Avoids Speculative Favorites.

6) He Relies on No Set Rules.

7) He Keeps Young.

HE is one of the most successful I know among the many thousands who derive a means of livelihood, in some degree, from investment commitments. I happen to have been quite close to him for some time now; and so I have had an excellent opportunity to acquaint myself with his methods and observe the factors contributing to his success.

The Principal Factor in His Success

Were I to attempt to select the one factor more than any other which accounts for his remarkable results, I would choose this one:—

He knows what he is buying.

There is the same difference between Mr. S——— and the average investor (of my acquaintance) that there is between the market-basket housewife and the other kind.

He does not call up his dealer (broker) and ask him "what is good today?"—and then, regardless of what the recommendation may have been, order such-and-such an amount of it.

When he buys, it is only after satisfying himself that he is buying the right thing—at the right time.

Other people may give him ideas; but it is always his own judgment, based on painstaking investigation, which shapes the conclusions he finally reaches.

He Delves Deeply

A good many investors, I think, would be amazed if they knew to what lengths Mr. S———'s investigations sometimes extend. Nine times out of ten—in the case of a company whose plant he has not already visited—he will actually go over the entire plant of a corporation before finally purchasing its securities. He also makes it a point to meet and talk with at least one executive official before buying. Why? Well, as concisely as I can paraphrase his own views on the subject:—

"The statistical records show me what a company has done; a walk through the plant helps me determine what they are doing and how they are doing it; a talk with an executive helps to reveal what they hope to do and, often, how well-qualified they are, from an administrative point of view, to do it."

Ingenious Methods of Getting the Facts

Often, of course, plants are not open for inspection. And corporation executives are not always approachable.

In such cases, Mr. S——— frequently gets the information he wants by visiting the plants and talking with the officials of other companies in the same field.

"As a matter of fact," he says, "I often learn more from a company's competitors than I do from its own officials."

Other times, he gets the facts about the company's industrial position by consulting the trade magazines. I had quite an example of the merits of this latter course recently. It was in the case of a certain machinery manufacturing company which had withheld all information from "outside" stockholders, whether actual or potential, on the grounds that it had "never financed itself through the sale of treasury stock, etc." I happened to mention the situation to Mr. S——— one day. With something very much like a chuckle, he walked over to his file (a very elaborate affair, by the way—and one of his pet hobbies) and extracted from it a wealth of data concerning this "inacessible" organization. "Where did you get all these facts?" I gasped. "From the company's advertisements in the trade magazines," he replied. "They *have* to say something there!"

Talking with Executives

So far as meeting and talking with executives is concerned, Mr. S——— never has much trouble there. It's his experience—and that of most of the rest of us too, I dare say, that the typical high-calibre executive is easy to meet, and enjoys taking about nothing else quite so much as about his own business. Getting an introduction is the most difficult part of it. But Mr. S——— seldom has much trouble, even in that respect. He has been careful to secure and maintain membership in clubs and other organizations through means of which such introductions are readily secured.

He Buys Outright

Interestingly enough, Mr. S——— seldom buys on margin. He says:—

"The more money a given investment threatens to tie-up, the more careful I am about buying it. Putting it differently, outright buying makes me think and think hard before I make a given purchase."

Mr. S——— adopted this "rule" many years ago. He says it has done more than any other thing to keep highly-speculative securities out of his list.

"Do I make less by following this method?" he repeated the question after me! "I don't think so. What one 'makes' is what he has left over after deducting his losses. I find that this general policy of outright buying has

(*Please turn to page* 260)

Borrow to Buy Securities—Save to Pay Them Off

How This Formula Worked Out in One Family Where Spartan Measures Were Necessary

By IRENE E. EGBERT

Was it Henry Ford who said a certain amount of indebtedness is good for a man?

Many investors have found this to be true. But then, they are careful to MAKE it true by borrowing no more than they can repay . . . and by putting the proceeds of their borrowings into PRODUCTIVE possessions.

RICHARD, my husband, gave me the idea; but my love for the role of fairy-godmother made me see it through.

I'm not at all clever in arithmetic. When I had a checking account it was always out of balance and I all too frequently faced the embarrassment of an overdrawn account.

But like most women I can be saving when there is some object to save for.

Changes

In April, 1920, my husband's office was moved to an Eastern city. We had to give up the flat for which we had a two-year lease at a nominal rent in our home town, and look for a home in the new location. But we found that our four little girls were not wanted by any landlord with property for rent. We were compelled to buy a house even though we knew that the price of one suited to our needs was out of all proportion to the salary Richard was drawing.

He had some stock, however, in the company by whom he was employed. Even I had four shares in my name which he had given me at the time of our marriage. By putting all of this up as collateral we were able to secure a loan of five thousand dollars with which to make an initial payment on a home. The balance we agreed to pay at the rate of one thousand dollars a year.

At first we intended to lay aside eighty-five dollars a month, as if for rent, toward a sinking fund to meet this obligation. But grading, garden-work, furniture repairs, new curtains, and hosts of other expenses incident to our moving drank up the sinking-fund even faster than it accumulated. May and June went by without a deposit.

My husband then made the suggestion which I afterward acted upon: It was that we buy one share of his company's stock each month. The stock was selling then at about seventy dollars. We knew it to be perfectly safe; we were sure it was due for a rise in price; the dividends we realized would help to pay the interest on our note; and any increase in value by the end of the year would go that much further toward helping us meet the payment on the principal when it was due.

But Dick is too generous to be thrifty. The illness of his mother, the drive for a new Y. M. C. A. building, the community fund, the Near-East relief, all the calls for extra money which besieged us at that time, touched his heart and drained his pockets. July and August went by. The stock had begun to rise slowly; now it was gathering momentum as the summer waned. Yet we bought none. Meantime the stork had promised that we could expect an addition to the family in the following Spring.

I have always held firmly to the belief that the purse is filled to meet the needs of these newcomers. "Can't afford it" is the hollowest of all excuses for refusing admission to the little ones. But now our first note and the new baby would be due at almost the same time.

I confess I began to be a little worried. Something had to be done. My husband had always given me a liberal housekeeping allowance. But frequently, if he was short of money, he would skip a week, or give me a little less than the customary sum. At this time I found it impossible to secure a maid. As I was not going out much anyway, it did not matter.

Some Resolutions

One day, late in September, I took time off from my household duties and made some important resolutions:

First, I would claim all that was due me. Red Cross, Y. M. C. A., even sick relatives, would have to come after I had had my share. For I was custodian not only for the four little girls we already had, but for the new baby to come.

Second, I would pay myself the wages I had formerly paid a maid.

Third, I would have something to show for the work I was doing and for the self-denials I was practising.

And fourth, I would make my husband save something in spite of himself.

Each Monday morning from that day forth, I cheerfully accepted my allowance. But if it was not offered, or if it fell short of the usual amount, I held out my hand and closed my eyes, and, with uplifted face, made a piteous appeal like a mendicant on a street-corner—"Help the blind!". This always brought a laughing response and the desired cash. On the eve of our marriage, Richard and I had resolved that we would never permit ourselves to wrangle over money. So I never had complained of being short, and he had never questioned how I spent what he gave me.

I began to pay all the current household expenses—food, laundry, papers, etc.—in cash as we went along. But each week I put away nearly half of my allowance. That took care of the "maid" and used up a large part of the money which had formerly bought clothes for the children. So, when the monthly bills from the downtown stores came in, though they were as moderate as possible, I contrived never to have any money with which to pay them and my husband had to meet them himself. I think he must have wondered sometimes why I never had anything left from week to week; but he said nothing. After he had paid the clothing bills, he had less left to spend, of course,

and so unwittingly he was being compelled to save.

Utilizing the Surplus

Each month I took to the bank the money I had put aside. As soon as there was enough to buy a share of stock I bought.

The first share I got in October at 85. It was December before I could get more. Then I bought a share at 103. With these two in my handbag I made a trip to the bank, offered them as collateral, and secured a three-months' loan large enough to pay for one more share before it went any higher. Then I applied myself to the task of saving to pay off that loan in March. By February, however, the price was moving up so fast that I bought another share at 118. That was the last.

Then a glorious thing happened which justified my faith in the Providence which cares for the babes. The company declared a 50% stock dividend! Four shares I had originally; four shares I had bought secretly; now four more were to be given me.

Before the dividend date arrived the price went to 126, but I was saving to clear my loan and bought no more. With the new stock issue, the price settled at 85.

March first I cancelled my loan.

About March tenth I could see that Richard was getting uncomfortable. On the fifteenth he began to talk of devising new loans, of "selling something," of "raising that thousand somehow." I could see that he was right "up against it." A week before the note on the house fell due I sold the eight new shares at 85, but kept my original nest-egg intact.

With the check for $680.00 in my hand I then told my husband what I had done and explained how I had accumulated such a sum between October and April. I had really saved $409.00 in the six months—about $68.00 a month, or a little more than the wages of a maid. By judicious investment these savings had brought an actual return of $680.00—or about $113.00 a month—for the same period.

The dear man was utterly amazed—and of course, unutterably relieved. The remaining $320 he could raise by a strain on his next salary check.

For me the role of fairy-godmother brought complete vindication. Never again could my "businesslike" husband chide me for manipulating my bank balance to make it come out even. When I ventured to speak of my shortcomings one day, he said:

"My dear, you don't have to be a book-keeper. You are a financier."

Two weeks later the stork kept his promise. It was a boy! And such a boy! And what a welcome he received in our family full of girls!

Seriously, this experience taught us some wholesome lessons. Briefly, I would formulate the lessons in this wise:

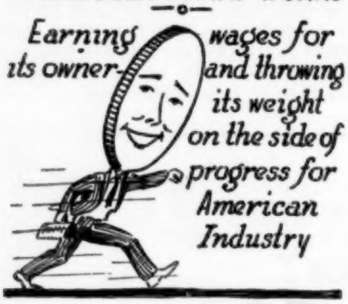
Stocks and bonds are not things to shun or fear. They are legitimate mediums through which essential credits are established for our great business institutions. Anyone can use them to advantage, no matter how small the amount of money he has to invest. But in doing so, he should never "play hunches." He should confine his commitments to the securities of companies with which he is familiar.

Save constantly; buy steadily; borrow on what you have and buy more; then save some more and pay off your debt; that is my formula.

And if you are a woman, you will find, while you are saving, that you can do housework for long hours most blithely, if you pay yourself with real money that can be put to your credit in a bank book. You can wear last winter's hat with a glow of self-respect when the equivalent of a new one is secreted in a safe deposit box.

Are Your Dollars Loafing on the Job?

THE DOLLAR THAT WORKS

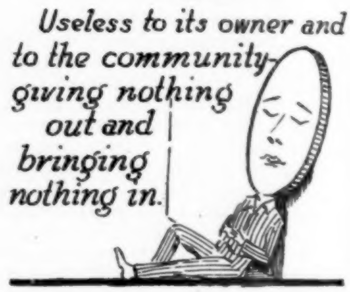


If So, Plentitude of Opportunity Bids You Dig Them Out and Set Them to Work!

By JAMES B. MORMAN

Economist, Federal Farm Loan Board

THE SLEEPING DOLLAR



"I HAVE four hundred dollars in cash in the house; how would you advise me to invest it?

That was a question put to me recently by an acquaintance and, while it may seem an easy question to answer, I did not feel justified in giving a prompt reply to it offhand.

The plain fact was that the problem of investment was not the only consideration with this particular inquirer. Back of the desire to invest was the ability to save, which in turn was regulated to a large extent by irregularity of income. These two factors had to be duly considered in making reply to the above question. For the problem of irregularity of income was due to the fact that my acquaintance was by trade a carpenter. He did not always have steady employment. Consequently, this had much to do with my hesitancy in answering the question.

From the viewpoint of safe and sound investment of small sums, the factor of irregularity of income, I think, deserves to be strongly emphasized. If one under these circumstances should tie up all his savings in long-time investments or in securities which can not be classed as "quick assets," the time might come when he would be temporarily embarrassed for a little ready cash. From my experience I believe this is a condition which should be forecasted and avoided as much as possible.

An Emergency Reserve Fund

The policy of cautiousness and the recognized advantage of a small sum set aside for emergency purposes have been drilled into me by experience, but I have always found the effect very gratifying. With those whose income is not large, whether that income is regular or irregular, the inclination to save must precede any accumulation of funds for investment. The greater part of my life was limited to working, saving and investing within a somewhat narrow range of income. I always felt that idle dollars were as fatal to success as idle days. Consequently, I naturally look upon the subject of saving and investment not only from the practical point of view, but also as being within the possible experience of the average person with moderate income who may have some savings to invest. It is this type of investor in whom I am particularly interested.

While the number of such investors is quite large, there are still many thousands who could become investors and thereby add a little each year to their income providing they invest safely and wisely. Note the two words "safely" and "wisely." The former does not mean large income or large profits, but an income of which one can feel reasonably sure; while the latter implies that the average clerk and wage earner should be properly advised what he ought to do. For this reason I wish to emphasize the value of a reserve fund, which, while earning a small income, may at the same time prove just as serviceable to an individual as to a bank. I have found that the investment of part of my savings in a form which may provide ready cash on quick demand adds such contentment to my daily life as to more than compensate for the loss of interest that occurs. Such a reserve may be an item of only one hundred dollars or so, but it provides a safeguard in a financial emergency as no long-time investment on the best of security at a little higher rate of interest can provide.

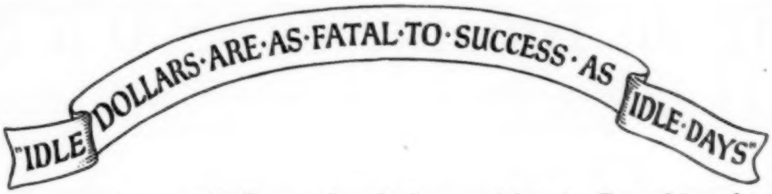
The evolution of savings into investments might just as well be made profitable as unprofitable, the degree of profitableness, of course, depending upon the type of investment. On making inquiry among many wage earners, I have been surprised at the amounts in cash which frequently lie idle. I have in mind a relative who not infrequently will keep in the house for weeks at a time as much as three or four hundred dollars in currency, the steadily accumulated savings from wages. When such a case is multiplied by hundreds or thousands throughout the United States, we can readily realize that the reports of the Comptroller of the Currency as to *the amount of money in circulation and in banks* do not convey a correct idea as to the amount of money in circulation that could be deposited in savings banks or otherwise profitably invested.

Safety in Savings Accounts

Because of considerations like the foregoing, I hesitated about answering the question as to the investment of the four hundred dollars. At the time that sum was lying idle in the form of accumulated currency. Knowing the circumstances of the inquirer as to inclination to save, irregularity of employment, and frequent need of small cash sums, I finally suggested the opening of a savings account of $100, which would pay 4 per cent interest a year, and the taking of a $300 first mortgage real-estate note running three years at 6½ per cent a year. Both forms of investment would provide a small additional income which would otherwise be lost entirely if the former policy were continued; and both would be safe investments so far as are possible under conditions of ordinary human frailty against which there is no absolute safeguard for anyone.

In these suggestions I followed the bent of my own experience. I began my financial life, so to speak, by opening a small account in a savings bank. To a limited extent that practice has been continued for thirty-five years. My savings account today may range from $200 to $500 or higher. From that form of investment I passed to the purchase of a government bond. Then as funds accumulated I opened a checking account from which I would make investments from time to time in more government bonds or first mortgage real-estate notes, the latter paying interest from 6 to 7 per cent a year. These were intended to be permanent investments, the income from which was to be compounded as it accumulated by similar investments.

The primary object in these types of



investment is safety. But a savings bank account and a government bond are also quick assets, though I have never yet cashed my bonds for funds relying solely on my checking or savings account as emergency needs for cash.

The world has certainly made progress in financial safety since my boyhood days when I first opened a small savings account. Then the postal savings system had not been established and banks were not so carefully examined or supervised as they are at present. The states and the federal government have stepped in to give greater safety to depositors and investors. Today a young person ten years of age or over may become a (savings) investor with the security of the United States government behind him. Postal savings deposits may be evidenced in various denominations ranging from $1 to $500. They pay interest at 2 per cent a year and constitute one of the quickest of assets since they are payable on demand.

Again, if a postal savings investor wishes to procure a little higher rate of interest with equal safety, but not in quick asset form, he may exchange the whole or any part of his deposits for registered or coupon United States postal savings bonds. These are issued in denominations of $20, $100 and $500. They bear interest at 2½ per cent a year which is payable semi-annually, are redeemable at the option of the United States after one year from date of issue, and are payable 20 years from such date.

Investing for Larger Income

While in these two cases an average small investor is assured of absolute safety of investment, it would not be wise to carry a large sum in either postal savings or postal bonds. As a matter of fact, the former is limited by law since no person may have a postal savings balance to his credit of more than $2,500 exclusive of accumulated interest. Moreover, compound interest is not allowed, though a depositor may withdraw interest accrued and make a new postal savings deposit. But it must not be overlooked that an important object of investing is not only to be safeguarded as to principal, but also to enlarge one's income through the receipt of interest or dividends.

Though the element of safety is probably less in the case of a savings bank account than with government forms of savings accounts, the income is generally a little larger ranging from 3 to 4 per cent a year according to the state in which the investor resides. While theoretically a savings bank account is not payable on demand,—a bank through its rules and regulations sometimes reserving the right to require thirty days' notice of withdrawal of funds,—as a matter of practice no previous notice is required and small amounts are withdrawable on demand. When a person's service income, therefore, is moderate and not always determinable through periods of unemployment, a reasonable part of one's investment funds may well be placed in a savings account for meeting financial emergencies. The amount so invested should be largely determined from personal knowledge based upon previous living and working experiences.

A security which is absolutely safe, always quickly convertible into cash, and which pays a higher rate of interest than the average savings account is government Liberty and other bonds. I keep a number of these on hand partly from patriotic motives and partly because of their safety and certainty of income. The rate of interest may range from 3½ to 4½ per cent. They may be purchased in denominations to suit the needs of the average small investor. For safety and certainty of income they cannot be excelled. Moreover, such bonds and the income therefrom are exempt from taxation up to a range which undoubtedly falls well within the income limits of small investors. As a rule investors with moderate incomes would not be materially benefited through tax exemption of government bonds.

There is a security—that is, the farm loan bond—which is sometimes confused with government bonds. But the government is not responsible for the payment of interest or principal of farm loan bonds. They are issued by what are known as Federal land banks and Joint Stock land banks, in denominations of $40, $100, $500, $1,000, and even larger amounts. Bonds are now issued at 4½, 4¾, and 5 per cent interest a year payable semi-annually. The 5 per cent bonds are mostly issued by Joint Stock land banks. The bonds themselves and the income therefrom are exempt from all taxation except the inheritance tax.

While this security may be regarded as a safe investment, it is not adapted to the requirements of the average small investor because the bonds are long-time investments not being payable before ten years and then only at the option of the land bank issuing them. Most of these bonds mature in 20 or 30 years.

First Mortgage Notes on Homes

For cumulative income purposes, my experience has centered in the first mortgage real-estate note, placed chiefly on homes of small investors. This security combines safety with a substantial interest rate. The latter is generally 6 per cent, though it may reach as high as 8 per cent in some states. Notes at 6½ or 7 per cent are not infrequent. The period of such notes is three years, with the privilege of redemption before that time by the payment of a bonus of 1 per cent additional. This type of security becomes a substantial income builder when interest and bonus payments are invested in the same type of security. In ten or twelve years I have accumulated over $23,000 in such notes in this manner without the loss of a penny and without a moment of anxiety.

In view of these substantial results and methods of attaining them, the prospects of higher profit possibili- *(Please turn to page 269)*

Today, a young person, ten years or more of age, can become an investor with the security of the U. S. Government behind him.

Buying an Income of $500 a Month

How This Can Be Accomplished Through Several Insurance Methods

By FLORENCE PROVOST CLARENDON

In reading your articles on insurance in The Magazine from time to time, I notice occasionally that you recommend an annuity policy, and just recently advised a physician to take out such a policy. In talking over annuities with the different insurance agents here with whom I carry policies they without exception advise against annuities, at least in the sense in which they interpret them. Will you tell me just what you mean by that term, and what companies issue them, and on what basis?

I am enclosing a summary of my insurance policies at the present time. You will notice that I have left all of the dividends in to accumulate. I am now fifty, and when I reach 65 I would like to have enough insurance so that, if I wished to stop paying premiums at that time and begin to realize on the policies, I could draw $500 per month. Could you tell me how much more insurance I should take out to carry out this plan? What form of insurance would you advise and, assuming that I passed the examination, what would be the cost, approximately? Everyone with whom I have taken up this matter has different suggestions to make. Some advise taking out $50,000 more insurance, others $40,000, again others only $30,000. As for myself, up to the present time I have come to no thorough understanding of just what I should take out. Any information you give me would be greatly appreciated.—W. H. T., Joliet, Ill.

I have examined your summary of your insurance coverage, all of which is placed in good old line companies.

You have omitted several facts which would be helpful in determining the amount and type of life insurance it would be desirable for you to carry. You do not, for example, state your condition as to family—whether married or not, if married and with children, how many children, of what age; neither do you give any idea of what your estate amounts to, except for the life insurance which you are accumulating.

Annuities are usually recommended at ages beyond 60, since the return is larger at the later ages, and because a man is usually actively conducting his business or professional career up to that age—indeed, usually for five or more years longer. You have apparently visualized the age of 65 as the time you hope to be taking life more easily, and living to a great extent on your income from savings and investments—that is, life insurance and other accumulations.

If, on attaining age 65, you no longer needed insurance protection for a beneficiary, you could then of course apply the cash value of your policies with the accumulated dividends toward the purchase of an annuity. In this suggestion, I refer to an annuity under which payments would commence to the annuitant (yourself) in the year of the purchase price. The annuity income could be payable annually, semi-annually, quarterly or monthly, as desired. In an annuity such as described, the purchase price is paid in one sum. Returns on the purchase price would vary somewhat according to the company issuing the annuity, but you may obtain an idea of the income that might be expected from the following figures now quoted by one good old line company:

Life Annuity Afforded by $1000 of Purchase Price, Age 65, Male: Annual Payment, $109.08; Semi-Annual Payment, $53.09; Quarterly, $26.20.

If you have followed the articles on Annuities published in the Building Your Future Income Department, you will of course have observed that they are issued in a number of forms—Deferred Annuities, under which annual premiums are usually paid to a given date, when the annuity income commences; Joint & Survivor Annuities; Immediate Single Life Annuities, etc.

If you are married and your wife were alive on your attaining age 65, you would doubtless find it preferable to invest in a Joint & Survivor Annuity at that time, under which the income payments would be paid to the joint annuitants during their lives, and to the survivor of the two during the remaining lifetime. When two lives are taken into the calculation, the return depends upon the joint ages, and it would be necessary to know your wife's age in order to give you an idea of what might be expected in income return for each $1,000 of purchase price under a Joint & Survivor Annuity, on your attaining age 65.

In order to have an income of $500 per month from age 65 onwards, it would be necessary for you at age 65 to have an available fund of approximately $55,000. From your policies you estimate that the cash value with dividends, etc., will be $30,447 in your 65th year. I have not checked this figure, but it looks reasonable. Accordingly, you should have in addition about $25,000. The easiest way to have this definite provision at age 65 would be to take an additional policy now on the 15-Year Endowment plan for $25,000. On a non-participating and strictly guaranteed basis, the annual premium required to purchase a 15-Year Endowment for $25,000 would be $1,591. By taking a participating policy of about $20,000 and allowing the dividends to accumulate, you would probably attain about the same result, and would have approximately the same (net) premiums to pay.

The agents to whom you have spoken have probably had in mind different forms of Insurance—hence the different amounts. For example, on the Ordinary Life plan, in order to secure something over $20,000 in cash at age 65, it would be necessary for you to take insurance of between $60,000 and $70,000, the cash value of which at age 65 would produce the necessary amount at age 65. But this is necessarily more expensive than the Endowment, because you have so much more insurance protection during the 15-year period. The cost on this plan would be, roughly, $2,500 a year.

We prefer not to give discriminatory advice regarding one or two good Old Line companies as compared to the

(*Please turn to page* 268)

BYFI'S Recommendations Table

(For Small Investors)

$100 Bonds		Recent Price	Yield to Maturity
St. L. & S. F. R. R. prior lien 4s, '50		77⅜	5.70
Laclede Gas 5½s, '53		101½	5.45
U. S. Rubber 5s, '47		89¼	5.85
Preferred Stocks	**Per Share Dividend Rate**	**Recent Price**	**Yield**
Cluett Peabody	7	107	6.45
American Ice	6	84	7.14
Mack Truck 1st	7	109	6.50
Radio Corp.	3½	51	6.80
Schulte Ret. St.	8	111	7.20
Common Stocks	**Per Share Dividend Rate**	**Recent Price**	**Yield**
American Tel & Tel	$9	139	6.47

Public Utilities

How Non-Assenting Manhattan Railway Stockholders May Protect Their Rights

The Present Situation and Outlook

OWING to the conflicting decisions which have been handed down in the suits of several non-assenting stockholders of the Manhattan Railway Company to recover from the Interborough Rapid Transit Company the arrears of dividends since January 1922, at the full rate of 7% on the shares of stock of the Manhattan Railway Company which have not assented to the reduction of the dividend as provided by the Plan of Reorganization of the Interborough, considerable confusion has arisen as to the significance of the various decisions and the exact present status of the Manhattan non-assenting stockholders.

Three actions in all were brought in which important rulings have been made. One was an action by Stephen Peabody, the owner of 1100 shares, to recover the arrears of dividends at 7% from January 1st, 1922, to January 1st, 1923. The other was brought by Ninah Peabody, the owner of 100 shares, to recover dividends for the same period at the rate of 7%. Both of these actions were brought merely as actions at law for the benefit only of the plaintiffs in those actions.

The third action was brought by Louis Boehm, a lawyer, the owner of 500 shares. This action was brought as an action in equity for the benefit of all stockholders of the Manhattan who desire to join in that action. In the latter action judgment is demanded not only for the arrears of dividends at 7%, for the entire period from January 1st, 1922, but also to compel the Interborough to execute a new guaranty of dividends at the rate of 7% per annum.

In the Stephen Peabody case a motion was made by the plaintiff's attorneys for judgment on the pleadings. This motion originally came on for hearing in the Supreme Court before Judge Irving Lehman, now a Judge of the Court of Appeals. In that case, however, the Interborough had set up in its answer the allegation that the Manhattan Railway Company as a corporation had agreed to modify the lease of the elevated lines so as to waive the dividend at the rate of 7% and accept a lower rate "when, as and if earned." Under technical rules of procedure Judge Lehman was obliged on this motion to accept that allegation as true. He held that the Manhattan Railway Company had the right to modify the lease by reducing the dividend even though the lease provided that that could not be done without the unanimous consent of all stockholders of the Manhattan Company. Judge Lehman held that that provision of the lease was contrary to public policy.

After Judge Lehman's decision it was discovered that the directors of the Manhattan Railway Company had never agreed to a reduction of the dividend in behalf of the Manhattan Railway Company, but had merely approved the action of the Stockholders Committee that had consented to such reduction. Thereupon a motion for summary judgment for the plaintiff was made in the Ninah Peabody case and that motion was granted by Judge Ford.

In the Boehm case Judge Mullan decided that the lease between the Interborough and the Manhattan had not been modified, and that as to those stockholders who had not consented to a reduction of the dividend the Interborough was obligated to pay the full 7% in accordance with the terms of the original lease, and granted judgment accordingly. He also granted judgment directing the Manhattan Railway Company to issue new certificates of stock and to compel the Interborough to endorse thereon a new guaranty of dividends at the rate of 7% per annum. This case is now pending on appeal.

Thereafter the appeals in the Peabody cases were heard in the Appellate Division. The decision of Judge Ford granting judgment against the Interborough was affirmed, and the decision of Judge Lehman granting judgment in favor of the Interborough was modified by providing that the allegation of the Interborough that the Manhattan Railway Company had agreed to modify the lease by reducing the dividend, be tried as a question of fact. The Interborough has now taken an appeal to the Court of Appeals in the case in which Judge Ford granted judgment against it.

The next question which presents itself is what must the non-assenting stockholders of the Manhattan do to protect their rights? It apparently has been, and still is, the policy of the Interborough to pay nothing to the non-assenting stockholders. For more than three years the Interborough has pursued the policy of "sitting tight." During that time it has paid nothing to non-assenting stockholders, although there can be no question that they are at least entitled to dividends at the modified rate.

Legally the Interborough is in a position to compel every non-assenting stockholder to commence an action for the dividends due him, and to pay nothing unless compelled to do so by a Court judgment. The Peabody cases are brought only for the benefit of the Peabodys. The Boehm case is brought for the benefit of all stockholders who see fit to join in that action. It would seem, therefore, that non-assenting Manhattan stockholders who desire to protect their rights must either commence an individual action for their own benefit, or join in the Boehm suit which is for the benefit of all Manhattan stockholders. Of course, each stockholder will have to decide for himself.

Accrued dividends on Manhattan Railway non-assenting stock now amount to about $26 per share. The stock is quoted at 65. If the Interborough Co. loses its final appeal on the case brought against the company in behalf of the non-assenting stockholders, and is compelled to pay the accrued dividends in addition to the regular 7% rate, the present purchaser would have his stock marked down to 39 (65—26), a remarkably low price for a $7 dividend-paying stock. The accompanying article describes in detail the legal aspects of the situation.

Petroleum

Oil Industry Faces Best Year Since 1920

Big Profits Ahead for Leading Companies

By J. G. SWARTZ

IN no industry, perhaps, are there more soothsayers and clairvoyants than in the oil industry. There is a logical reason for this. No other industry offers more difficulties in respect to being reduced to an average of performance; and it has always been the case that the more abstruse a subject is and the more phases of it not susceptible of arithmetical proof, the more persons there are who would try their hand at guessing on it. It is always more fascinating to speculate upon the number of beans in a bag than it is to add a long column of figures in a contest.

The new year has been officially opened during the past three years by prophecies of good cheer for the oil industry. In 1921, there were no predictions—except of continued disaster. Gloom was abroad in the land and the sheriff at the door.

In 1922, the statistics were crossed up and the kindly advices from the volunteer interpreters of the signs in the heavens failed to work out. The following year the planets were adjudged to be in beneficent aspect on the first of January, but there was blood upon the moon before many weeks had elapsed. California was deluging the country with oil.

At the start of 1924, it was decided that the major gods were back on their thrones and that it was time for the prosperity parade to start. The year had not gone far until certain contributions were made to the visible supply of oil that resulted in mid-season in general price reductions and rough going for the companies that set up as general purchasers of crude oil. For a time there was in effect in the major producing districts of the Southwest a policy of buying half of the oil produced.

With the recollection of all those calamitous happenings in mind, the writer glances about somewhat timidly at predictions made at the first of 1925—and essays another prophecy in confirmation of those. It is that this year bodes more good for the industry than any since 1920.

In making that assertion, the chief deduction is drawn in part from the fact that at this time there is no field upon the horizon that gives promise of more than enough production to hold the output fairly even and in part from the high mark of consumption in four months of 1925. The industry has gotten into May without uncovering a field of major proportion and that is a considerably better performance than for several years. Last year at this time, Cromwell was in full flower and the deep sand at Tonkawa was making itself felt. Luling, in Texas, was climbing and threatened a much greater output than it ever attained—important psychologically—and there was the threat that Colorado would run up a high production.

Oil Companies Which Should Show Large Earnings This Year

	Price of Stock	Dividend	Yield
Standard of Indiana	65	$2½	3.8%
Standard of N. J.	44	1	2.2
Standard of Cal.	59	2	3.5
Standard of N. Y.	44	1.40	3.1
Texas Co.	45	3	6.6
Atlantic Refining	109	...	...
Marland Oil	42	3*	6.8
Mid-Continent Petroleum (formerly Cosden & Co.)	29	...	...
Pacific Oil	59	2	3.5
California Pet.	30	1¾	5.8
Prairie Oil & Gas	55	2	3.6
Pan-American-B	79	6	7.5
Phillips Pet.	42	2	4.7

*Based on recent declaration of 75c dividend.

In its company publication the Standard Oil Co. of New Jersey recently said that its estimate is that this year's production will be about the same as that of last year. The statement was surrounded with many qualifications, but it was the opinion that it would hold good barring the discovery of a major pool.

Should that prove to be the case and the normal 15 to 20 per cent increase in the consumption of gasoline be had, it will require a considerable draught on the large stocks of crude and refined oils in this country—a welcome advent.

Such increase in gasoline use is virtually certain. In fact there is a definite basis for calculating that the increase should be greater than the percentage named. Figures for the first two months of this year from 29 states that inspect gasoline indicate a gain of about 31 per cent over the same months of 1924.

And with the slogan of a well known manufacturer of automobiles, "7,000 More Since Yesterday," indicating that presently there will not be a family in the country without some form of motive power, this year promises to make a record not alone in total gallons of gasoline used but in percentage increase over the preceding year.

While the answer to the industry's prosperity is always found in sales rather than in production—although the habit persists of looking at the production curve first—the visible supply of raw material is particularly worthy of consideration now, as in that lies the answer to whether the companies with large stocks of oil will be able to liquidate a portion of them at a profit.

At this time, the production of crude oil in the United States is considerably higher than it was on equivalent date of last year. It is some 200,000 barrels a day greater, in fact. But the gross figures are misleading when the character of the oil is not taken into due account.

The increase in production that has occurred within the past few weeks has been almost entirely from one field. In southern Arkansas, the Smackover pool, a large field which has enjoyed several booms before, has been yielding a huge amount from a recently found deeper sand. This output soared, wells of production as high as 35,000 barrels a day being drilled, and the contribution from this deeper sand quickly mounted to more than 300,000 barrels a day. But, this oil is of gravity 20° Baumé, whereas oil of good gasoline yield runs 30° Baumé and higher. The new flood from Smackover has little naphtha content—not more than 5 per cent—no motor gasoline except by special processing, and is chiefly valuable for fuel.

In the last named respect, it is an important competitor. The fates were kind, however, in bringing it along at the season of the year when the refiner can "crack" his fuel oil residue from the more valuable crudes into gasoline leaving the fuel oil market to the Smackover oil. Last winter, as was pointed out in an article by the present writer, the refining industry effected a change that was almost fundamental. It discovered that "cracking" plants could profitably be shut down while the winter fuel oil market was strong, and when the season of great demand for gasoline came on, the processing of the fuel oil into gasoline could then be resumed. Had this flood of heavy fuel

oil come in the winter, it would have upset that scheme considerably.

The trend of the oil producing situation is well illustrated by a comparison of the figures on daily average production at the beginning of the year and at the first of May. It shows a marked decline in production of the oil with good gasoline content and a heavy increase in the heavy, or fuel grades. The figures compiled by the American Petroleum Institute are as given in the accompanying table.

Pile upon these data, the further consideration that during the first quarter of 1925 stocks of crude petroleum in the United States were reduced by nearly four million barrels, it will be seen that the trend is a healthy one. Had it not been for the outpour of the low-grade oil at Smackover, the reduction in stocks would have gone right along up to the present.

Now on the manufacturing end, stocks of gasoline have mounted of late, but consumption has also shown what can really be expected in the summer season. On April 1, according to government figures, there were 1,600,000,000 gallons of gasoline in storage, but at the March rate of utilization that amount was equal to only 80 days' supply compared with a rated 105 days' supply on April 1, 1924 when there were 1,587,000,000 gallons in tanks at refineries. March's consumption, figures from shipments by refineries to distributing plants, was 33 per cent greater than in the same month of 1924.

One can easily be lost in a maze of statistics, but the outstanding factors are that the oil industry has enjoyed better distribution of its products this year than it has during any other similar season; light gravity oil production is declining and there are no fields of this character which promise to swell the output greatly.

The past two years have constituted a period in which very drastic readjustments in the industry have taken place. The former high prices of the war and the post-war period dropped to a point where most petroleum products were selling on a basis below the prices of 1913.

This condition made it obligatory on such companies as survived this readjustment period to search their organizations and manufacturing methods for all possible eliminations in waste, personnel and methods. The result of this has been that the manufacturing, operating and marketing costs were substantially reduced. Because of the lower cost of doing business, it has been found possible to sell at much lower prices to the public and either make a small profit or at least break even.

It can be stated with little fear of contradiction that the annual reports of major oil companies, for the larger part, were surprising to the average investor. He had heard and read much during 1924 of the large losses being sustained at the current prices for petroleum products during that year and naturally assumed that the annual reports would bear out these assertions. This was not true, however, and the largest and most complete organizations actually made larger profits that year than they did in the preceding one. This only confirmed the fact that most of them had been able substantially to reduce their costs in line with the lower selling price.

The price structure at the present time for both crude oil and refined products is approximately the same now as it was at this time last year. It can be stated, however, that up to the present the price cutting and secret rebating so prevalent last year has not been in evidence. The larger companies have been able to maintain better their prices than they have during the past two years.

The indications now are that the present prices will be maintained through the summer at least. Crude oil and refined products are now selling from 80 to 100% over what they did at the low point late last summer. It is also very probable that the largest portion of the profit made in the industry in 1924 accrued during the first six or eight months of the year. It should, therefore, follow that if a price structure equal to that maintained for the first six months of 1924 can be continued for the greater part of this year the profits will be that much the greater.

It is believed that it will be possible to do this and for this reason most of the companies which are ably organized and well managed will show a considerable increase in earnings for 1925 over 1924. This should approximate from 20 to 25%.

The following companies should be particularly benefited by the indicated increase in earnings:

Standard Oil Co. of Indiana.
Standard Oil Co. of New Jersey.
Standard Oil Co. of California.
Standard Oil Co. of New York.
The Texas Co.
Marland Oil Co.
Mid-Continent Petroleum Co. (formerly Cosden & Co.)

Of these companies, the Standard of Indiana, Standard of California and The Texas Co. are especially recommended as their earnings will in all probability show the largest percentage of increase. The reason for this is that they market nearly their entire output to the consumer and are, therefore, the most affected when the retail price is increased or decreased.

It is believed, however, that in the year of 1925 the earnings of nearly all of the companies in the industry, whether those whose activities are confined to the producing of oil or whether they embrace production, refining and marketing of petroleum products, will be larger than they have been since 1920.

U. S. Production of Crude Petroleum—Daily Average in Barrels

	January 1 (1925)		May 1 (1925)	
District	Light Oil	Heavy Oil	Light Oil	Heavy Oil
Oklahoma	448,750	22,900	425,750	21,600
Kansas	80,550	......	89,450	......
Texas	379,750	......	344,550	......
Gulf Coastal*	....	80,800	......	103,000
Louisiana	46,950	2,300	50,000	2,150
Arkansas	45,800	64,350	41,100	314,400
Rocky Mountain	78,600	1,000	90,850	1,000
California	322,000	285,000	303,000	293,000
Eastern	106,500	......	103,000	......
Totals	1,528,900	456,350	1,447,700	735,150

*Included in separate classification as it accounts for heavy oil of both Texas and Louisiana coastal plains.

The decline in the production of light oil since the first of the year and up to May 1 was 81,200 barrels on the daily averages, while the increase in the heavy oil was 278,800 barrels a day.

Prairie Oil & Gas Co.

Prairie's Big Oil Inventory Should Mean Very Satisfactory Profits

Excellent Outlook for Increased Dividend Distribution This Year

PRAIRIE OIL & GAS earned $4.30 per share on its outstanding 2,400,000 shares, par $25, in the year ended December 31 last. That is equivalent to $17.20 per share on the former $100 par stock, or approximately $2.50 per share better than the 1923 earnings. If Prairie had the same amount of stock outstanding as in 1921, last year's earnings would have been equal to $57.33 per share. By comparing that figure with earnings prior to 1921 as shown in the table herewith, one obtains an idea of how Prairie's earnings compare with those before the company began to increase its outstanding capitalization.

In view of the conditions which existed in the midcontinent territory during the last half of 1924, Prairie's showing is an excellent one. Net income for the year totaled $10,330,415, or approximately $1,500,000 greater than the 1923 net and the company increased its surplus $5,530,000.

An Old-Line Standard Oil

For years, Prairie Oil & Gas has been a big money-maker and has paid substantial dividends. Originally a part of the old Standard Oil Co. of New Jersey, it split off from the parent stem in 1911 in compliance with a decree of the U. S. Supreme Court. Its stock was distributed to the shareholders of the Standard of New Jersey on the basis of roughly, one fifth of a share of Prairie Oil & Gas for each share of Standard of New Jersey stock.

In 1914, the Supreme Court declared the pipe lines of Prairie Oil & Gas to be common carriers and subject to the jurisdiction of the Interstate Commerce Commission. Accordingly the Prairie Pipe Line Co. was organized to take over the oil transportation end of Prairie Oil & Gas' business and the entire capital stock of the pipe line company, in the form of a 150% stock dividend, was paid to Prairie Oil & Gas stockholders. Though the pipe line company earned $14.60 on its outstanding capital last year the trend of pipe line earnings has been downward for the last few years. This is due to the fact that the transcontinental pipe line companies have not been able to increase their business corresponding to the growth in other lines of the oil business.

Many of the large companies have built their own pipe lines to new fields and to tidewater and thus the Prairie Pipe Line Co. fails to get important business which would have come to it in the days when the Standard of New Jersey ruled the roost.

Next to the Standard Oil Co. of Indiana, the Prairie Oil & Gas Co. is the most important company in the midcontinent field. It owns oil producing properties in Oklahoma, Kansas, Texas and Wyoming producing around 25,000 bbls. a day and purchases the entire run of the Prairie Pipe Line Co. In late years, Prairie has made some important acquisitions. In 1913 the company acquired the properties of the Hi-Grade Oil Co., the Northwestern Oil Co., the Everett Oil Co. and a half interest in the Wichita Oil and Gas Co. In 1923 the company obtained in exchange for its own stock, about 525,000 shares or 72% of the stock of Producers & Refiners. The exchange basis was one share of Prairie for ten shares of Producers. In 1918, Prairie incorporated a Texas subsidiary and in 1924 a Wyoming subsidiary.

Under a contract made with the Texas and Pacific Coal & Oil Co., Prairie agreed to develop 50,000 acres of Texas & Pacific Coal & Oil's proven oil lands in the Ranger District of Texas. Prairie paid a bonus of $1,500,000 to Texas & Pacific and agreed to drill 21 wells at its own expense. Net profits from oil produced were to be divided equally between the two companies. In 1919 it purchased from the Ryan Petroleum Corporation the latter's pipe line from the Burk-Waggoner field to Temple, Okla., and agreed to take all of Ryan's production at midcontinent posted prices.

Capital Structure

Prairie has retained its original capital structure of no bonds or preferred stock. Its original $18,000,000 of $100 par stock, has been increased to $70,000,000 of $25 par stock, $60,000,000 outstanding. The change from $100 par to a $25 par was made last December and the increase in the authorized capitalization from $60,000,000 to $70,000,000 took place at the

(*Please turn to page* 251)

Earnings of Prairie Oil and Gas

	Net Income	Earned per share
1916	$16,204,754	$90.03
1917	10,146,325	56.37
1918	20,839,983	115.78
1919	14,519,080	80.66
1920	18,694,581	103.86
1921	*	*
1922	10,142,794	§18.50
1923	8,831,337	†14.72
1924	10,330,415	‡4.30

*Deficit.
§Capital stock increased from $18,000,000 to $54,803,400.
†Capital stock increased from $54,803,400 to $60,000,000.
‡On $25 par stock. Earnings for preceding years on $100 par stock.

Range of Prairie Oil and Gas Stock

	High	Low
1919	815	590
1920	732	400
1921	598	385
1922	756	205
1923	273	152
1924	269	193
1924	*54¾	*50½
1925†	*65½	*50¼

*$25 par stock. Figures for preceding years are for $100 par stock.
†To May 25.

Mining

Great Northern Iron Ore

Great Northern Iron Ore's Fading Prospects

Why the Stock Is Not Attractive—Its Speculative Position

HOLDERS of the certificates of beneficial interest in Great Northern Iron Ore properties were treated to a disappointment in April when the Trustees declared a dividend of but $1 a share. Dividends of $2 had been paid on each of the two preceding dividend dates.

Those who have held these certificates for some years probably suffered no shock as a result of the reduction. Others who may have been attracted to the shares within the last year or so by the apparent attractiveness of the return offered probably feel some bewilderment. Undeniably, the issue seemed attractive on the strength of the $4 dividend paid during 1924 since even the purchaser at top market prices, just under $40 a share, thought to obtain a yield of more than 10% on his commitment.

The outcome is but another demonstration of the old market adage "eternal vigilance, etc." There are many unusual features about Great Northern Ore which distinguish this security from practically all others. Owners, as well as intending purchasers, would do well to note them carefully. In the first place, Ore is not a corporation but a Trust. Back in 1906, the Great Northern Railway transferred a number of iron mining enterprises, which it owned or controlled, to certain Trustees. It is the duty of these trustees to manage the business of the trust so created for the benefit of the certificate owners.

The Trust has a full interest in eight iron-ore mining companies, owns 90% of the capital stock of a ninth and 50% of the shares of a tenth. These proprietary companies, in turn, hold outright, or lease, 65,091 acres of iron ore lands in the Messabe district, the most important iron mining region in Minnesota. At the time the Trust was created, the properties were estimated to have contained more than 500 million tons of iron ore. They are operated under leases to outside interests. The leases run for long terms and have various expiration dates, the nearest being 5 years and the furthest 32 years hence.

To gain a clear conception of the position of the shareholders, it is necessary to distinguish between the earnings of the Trust and those of the mining or proprietary companies. Income of the latter is derived from royalties paid under terms of the leases at certain rates per ton of ore extracted. Obviously, profits of the mining companies are bound to fluctuate with conditions in the steel industry owing to the changing demand for iron ore.

The Trust proper obtains the greater part of its income from distributions made to it by the mining companies. Unfortunately reports of the Trustees do not indicate very clearly the complete operations of these properties. Hence, it is difficult to determine what portion of their disbursements constitute dividends paid out of earnings and what part represents payments out of surplus or liquidation of assets.

Earnings Record

Since formation of the Trust to the close of 1924, disbursements of the controlled companies, exclusive of payments to minority stockholders, have totaled 79.50 million dollars. This figure includes sundry operating expenses and payments to the Trustees during the period. Receipts for the same years amounted to 80.43 millions, of which 50.34 millions were derived from miscellaneous sources, among which were sales of timber, land, personal property, interest, and refunds made by lessees on account of moneys expended by the Trust in developing the mining properties. The excess of total receipts

(*Please turn to page* 266)

Eight Year Record of Great Northern Ore

	Earned per Share	Dividend Paid	Working Capital per sh.	Earnings Great Northern Ore (Millions)	*Earnings Proprietary Companies (Millions)
1917	nil	$1.50	$6.09	$0.01	$4.74
1918	$3.06	4.00	4.82	4.52	—1.61
1919	3.83	4.00	3.57	5.75	—1.59
1920	3.90	4.00	2.12	5.85	—2.05
1921	3.99	4.00	1.54	5.99	—0.87
1922	2.92	3.00	2.51	4.38	1.61
1923	3.08	3.00	1.95	4.62	—1.09
1924	3.99	4.00	0.74	5.99	—2.69

*Net receipts after expenses, taxes, etc., including payments made to Trustees of Great Northern Iron Ore. No allowance made for earnings due minority shareholders.

SERVICE SECTION

ANSWERS TO INQUIRIES

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The inquiry Department enables you to adapt THE MAGAZINE OF WALL STREET to your personal problems. As a yearly subscriber, you are entitled to receive FREE OF CHARGE a reasonable number of PERSONAL REPLIES BY MAIL OR WIRE on any security in which you may be interested. The inquiries presented in each issue are only a few of the thousands received—43,000 in 1923. The use of this personal inquiry service in conjunction with the Magazine should help you to get hundreds or thousands of dollars of value from your $7.50 subscription.

MAXWELL MOTOR

Exchange For Chrysler

Would you advise me to accept the exchange of Maxwell B, which cost me 42 for stock of the Chrysler Corporation?—A. V. Boston, Mass.

Holders of more than three quarters of the outstanding Maxwell stocks have already accepted the terms of the exchange for the shares of the new Chrysler corporation. If you desire to retain your interest in this organization, we believe you would do well to exchange your Maxwell shares for Chrysler stock, as the amount of Maxwell stock outstanding will be steadily decreased through exchange. Chrysler stock can be expected to have the broader and more active market. We are glad to note that you have substantial profit in this commitment. But, while earnings are running at a very satisfactory rate, it is well to bear in mind that profits of automobile companies are subject to wide fluctuations and Maxwell may not be able to do as well in the future as is the case at this time. Our advice would be to take your profits in this issue and switch into the stock of a company operating in an industry where earnings are more stabilized. A suggestion is International Telephone & Telegraph.

BURNS BROS.

Just Earning Dividend

What is the situation in Burns Bros.? I hold the A stock and do not like the way it has been acting. It does not suggest a 10 per cent stock whose dividend is safe.—C. A. R., Washington, D. C.

The 10% dividend on Burns Bros. A stock cannot be regarded as well protected in view of the earning power demonstrated during the past three years. In 1923 there was a deficit, after dividends, of $131,405 and in 1924 and 1925 the dividend was covered with a very slight margin to spare. While the company's financial condition is sound, it has not accumulated a large cash surplus and the present dividend policy is not over-conservative. If you desire an issue that returns a very liberal yield, we suggest that you switch into Dodge Bros. 7% preferred stock which, at present levels of 77, yields 9.1%. Last year Dodge net income was equivalent to 2¼ times the preferred dividend requirements and earnings so far this year have shown very large increases.

AMERICAN SUGAR REFINING

Strong Financial Condition

Why has American Sugar fluctuated so widely this year over a range of about 25 points? In preceding years there has been about the same variation over the entire twelve months, but this year the range has been established in three months and the stock seems to be heading for the top figure again.—M. W., Milwaukee, Wis.

There may be a variety of reasons for wide price fluctuations in a stock and we do not pretend to be able to forecast or to explain minor market movements of individual issues. The advance in the price of American Sugar common stock from the low levels this year, appears justified in view of the decidedly strong financial condition of the company and the fact that general trade conditions in the sugar refining industry appear more favorable than for some time. In 1923 and 1924, American Sugar Refining Co. was unable to return any profits from the refining end of its business because of violent fluctuations in the price of sugar which reduced the margin of profits and caused inventory loss. This year, on the other hand, the price of sugar appears to be very much more stabilized and refiners should be able to make some money. With over 30 millions cash on hand, American Sugar is in a position to resume dividends just as soon as earning power recovers.

UNION BAG & PAPER

Hydro Electric Possibilities

Please give me your opinion of Union Bag & Paper, which cost me around 60 shortly before the company discontinued dividend payments? Has the company any real hydro-electric possibilities? I have seen some references to this in the press.—K. G., Chicago, Ill.

Union Bag & Paper owns a Hydro-Electric Plant at Hudson Falls. Plans are now being considered by the State of New York and numerous paper companies owning water powers, for regulations of the waters of the Hudson River which would considerably increase the horsepower now being developed. It is estimated that close to 25,000 additional horsepower will be developed at the Union Bag & Paper Plant with no additional expense except the company's pro-rata share of assessments for regulation of the waters. Negotiations are said to have already been entered into with the Adirondack Power & Light Co. serving that territory for purchase of this additional horsepower which would mean a substantial income for the company. With the paper industry also showing some improvement, we believe you are justified in holding your stock.

SIMMS PETROLEUM

Earnings Show Improvement

Do you regard Simms Petroleum as definitely heading for better business? I paid 21 for my shares two or three years ago and have felt all along that the company was capable of doing better than its reports have shown. Is the dividend likely to be increased?—D. B., Minneapolis, Minn.

Simms Petroleum for the quarter ended March 31st, 1925, reported net income after taxes, depreciation and depletion equivalent to $1.50 a share, compared with $1.19 for the corresponding period of 1924. The last dividend paid was 50 cents a share and it is probable that this rate will be continued quarterly, thus placing the stock on a $2 basis. With earnings running at the rate of $6 a share a higher rate may be paid if conditions in the oil industry

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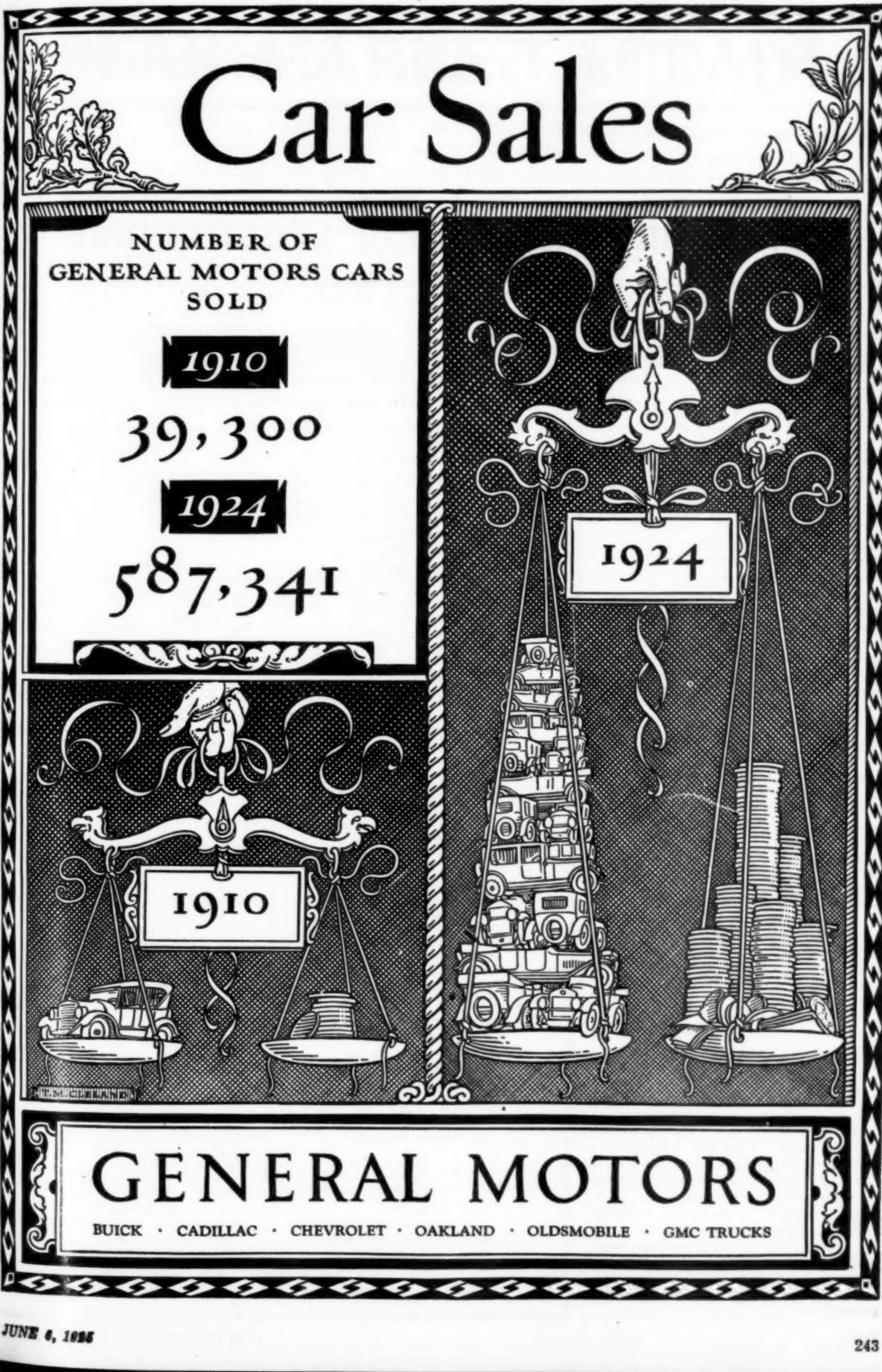
We invite correspondence from readers desirous of ascertaining the status of brokers with whom they intend to do business. We make no charge for this service, as we recognize the importance of having our readers buy and sell their securities through reliable firms.


Car Sales
NUMBER OF GENERAL MOTORS CARS SOLD
1910
39,300
1924
587,341
1924
1910
GENERAL MOTORS
BUICK · CADILLAC · CHEVROLET · OAKLAND · OLDSMOBILE · GMC TRUCKS

School for Traders & Investors

Fifty-Seventh Lesson

Developing Investment Discrimination

THE experienced investor and trader who is considering the relative desirability of several stocks, with a view to making a selection for his next commitment, will compare their general characteristics and essential features, so that he may decide upon the issue which best fulfills his immediate requirements. In this process of selection or elimination, as the case may be, he will bring to bear on his problem his ability to discriminate favorable from unfavorable qualities, characteristics or conditions with regard to the securities themselves, or the industries represented.

The ability to discriminate is developed through experience and analytical study. The more experience the better. However, the lack of experience, measured in years of actual observation, may be compensated for by a careful comparative study of the essential characteristics of various industries and their representative corporations, and by a comparative study of the financial history of corporations as set forth in their balance sheets and income accounts over a period of years.

A preliminary study of the subject, however academic, will show that industries and corporations may be classified according to some system such as that outlined briefly in the accompanying tabulation. It should be apparent that certain industries are essential in good times and bad, while others are not essential and are likely to suffer during periods of general depression. Some industries and their representative corporations are well established and have demonstrated that they are here to stay, while others are unseasoned, or on probation, so to speak, until they have proven that they are able to weather ordinary industrial storms.

The earnings of certain types of corporations are as stable as some of our well established industrial and domestic customs and habits, while others may be as uncertain and erratic as the weather or popular approval.

There are corporations whose activities and fortunes are based on special privileges, patented devices or processes, or secret formulas or methods, and consequent monopolies in their particular fields. On the other hand, many industries or individual corporations are involved in severe competition, sometimes in a hopelessly overcrowded sphere.

Again, with most other considerations equal, it appears that by virtue of quality of management, or increasing or decreasing usefulness or popularity, some corporations will show a persistent increase in earning ability from year to year, or a chronic tendency toward financial difficulty. In many cases where unfavorable developments are involved, the trouble may be traced to gradual degeneration of operating personnel, or to inability to meet the rigid requirements of the contest to determine the survival of the fittest.

A Table of Characteristics of Various Industries and Representative Corporations, the Study of Which Should Be Instructive in the Development of Discrimination

A. Corporations representing industries that are:

1. ESSENTIAL	2. NON-ESSENTIAL
Steel Mfg. (U. S. Steel)	Luxuries (Vivaudou)
Metal Mining (Kennecott)	Amusements (Famous Players)
Smelting (Am. Smelting)	Special Food Products (Postum)
Basic Food Products (Am. Sugar)	Silk Mfg. (Mallinson)
Textiles (Am. Woolen)	Candy (Loft)
Oil (Stand. Oil of N. J.)	Clothing Specialties (Natl. Cloak)
Transportation (N. Y. Central)	Etc.
Light & Power (North Am.)	
Gas (Con. Gas)	
Machinery (Allis-Chalmers)	

B. Corporations representing industries or lines of activities that are:

1. SEASONED	2. UNSEASONED
Tobacco (Amer. Tobacco)	Radio Equipment (Radio Corp.)
Telephone & Telegraph (Am. Tel. & Tel.)	Aeroplanes (Wright Aero.)
Steel Mfg. (U. S. Steel)	Chemicals (Davison)
Can Mfg. (Am. Can)	Special Products (Congoleum)
Petroleum Products (S. O. of N. J.)	Etc.
Elec. Equipment (Genl. Electric)	
Automobile (Studebaker)	
Trucks (Mack Truck)	
Gas Mfg. (Con. Gas)	

C. Corporations whose business, and especially whose income, is:

1. STABLE	2. UNSTABLE
Telephone (Am. Tel.)	Steel Mfg. (Republic Steel)
Light & Power (Metr. Edison)	Textiles (Am. Woolen)
Chain Stores (Woolworth)	Automobiles (Chandler)
Dairy Products (Natl. Dairy)	Motor Accessories (Stromberg)
Chain Restaurant (Childs)	Tires (Kelly-Springfield)
Etc.	R. R. Equipment (Baldwin)
	Mining (Anaconda)
	Chemicals (Coml. Solvents)

D. Corporations engaged in business that is essentially:

1. MONOPOLISTIC	2. COMPETITIVE
Tel. & Tel. (Am. Tel. & Tel.)	Steel Mfg. (U. S. Steel)
Certain Railroads (New Haven)	Motors (Studebaker)
Bottle Mfg. (Owens Bottle)	Tobacco (Amer. Tobacco)
Elevator Mfg. (Otis Elevator)	Fertilizer (Va. Car. Chem.)
Fruit (United Fruit)	R. R. Equipment (Baldwin)
Special Machy. (United Shoe Machy.)	Tire (U. S. Rubber)
Special Beverage (Coca Cola)	Shipping (Intl. Merc. Marine)
	House Furnishings
	Dept. Stores (Gimbel's)

E. Corporations engaged in business the general profit trend of which is:

1. UP	2. DOWN
Special Mfg. Prods. (Air Reduction)	Dock & Terminal (N. Y. Dock)
Special Food Prods. (Natl. Dairy)	Certain Mining Cos. (Miami)
Telephone (Intl. Tel. & Tel.)	Textiles (Am. Woolen)
Fruit Canning (Calif. Packing)	Talking Machines (Victor)
Commercial Equip. (Intl. Bus. Mach.)	Soft Coal (Pittsburgh Coal)
Merchandising (Assoc. Drygoods)	

ANNUAL Rol

WHITE TRUCK FLEETS O

Again this year we publish a bigger, greater White Ro Call. It is the most convincing performance documen in the field of motor transportation. It is indisputab evidence of White Truck leadership.

Here, in open book, is the transportation history of 83 of the country's foremost truck owners—in all lines o business, all locations—operating 31,093 Whites of a models in fleets of *10* or *more*.

It shows an increase of 80 owners and 2,927 trucks ove last year's record. Normal business changes, merge and reorganizations have caused a few fleets to decrea and others to lose their original ownership identity.

	Whites Owned
Abbotts Alderney Dairies, Inc.	56
Abraham & Straus	65
Acme Cash Stores	18
J. N. Adam & Company	38
Advance Transfer Company	14
City of Akron, Ohio	25
Akron Pure Milk Company	13
Alabama Coca-Cola Bottling Co.	14
All Russia Zensky & Cities Union	10
Al's Bake Shop	26
B. Altman & Company	85
Amer. Agricultural Chem. Co.	26
American Bakery Company	15
American Can Company	82
American Chain Company	12
American Fruit Growers, Inc.	11
American Gas & Electric Co.	23
American Ice Company	22
American News Company	28
American Petroleum Company	29
American Power & Light Co.	35
American Public Service Co.	11
American Railway Express	457
American Red Cross Society	31
American Reduction Company	11
American Steel & Wire Company	32
American Stores Company	121
American Woolen Company	23
A. L. Ammen Transportation Co.	48
Anchor Cartage Company	13
Anderson Brothers	14
Anglo-Mexican Petrol. Co., Ltd.	10
Anheuser-Busch, Inc.	16
State of Arizona	58
Arlington Mills	17
*Armour & Company	405
J. H. Ashdown Hardware Co. Ltd.	10
Associated Bell Telephone Cos.	1183
*Associated Dry Goods Corp.	128
City of Atlanta	42
Atlanta Baggage & Cab Co.	22
Atlanta Chero-Cola Bottling Co.	10
Atlanta Coca-Cola Bottling Co.	20
Atlantic Ice & Coal Corporation	56
Atlantic Refining Co.	546
Atlas Powder Company	19
Austin Nichols & Company	44
Bacon Coal Company	10
The Bailey Company	34
City of Baltimore	51
L. Bamberger & Company	44
Bang Supply Company	16
Banner Grocers' Baking Co.	12
N. Bantivoglio & Sons	10
Barker Brothers, Inc	18
*Barnsdall Corporation	24
The Barrett Company	24
W. J. Barry	10
Beaver Valley Service Company	16
Beechnut Packing Company	13
Bekins Van & Storage Company	19
Belgrano Autobus S. A.	10
Benguet Auto Line	10
Bernheimer-Leader Stores, Inc.	16
Bessemer Taxi Co.	14
Best & Company	27
B. & F. Trucking	10
William Bingham Company	24
Bingham Stage Line	11
City of Birmingham	26
Birmingham Chero-Cola Bot. Co.	33
Block & Kuhl Company	16
Bloomingdale Brothers	41
Blue Ridge Transportation Co.	26
Boggs & Buhl, Inc.	30
The H. C. Bohack Company	16
The Borden Company	35
City of Boston	33
Boston Coca-Cola Bottling Co.	14
Boston Elevated Railway Co.	85
Boulevard Transportation Co.	20
Bourne-Fuller Company	14
George H. Bowman Company	10
*Bowman Dairy Company	22
Bradford Baking Company	47
Brandies Stores	10
The Brandt Company	41
J. W. Brannon Sand & Gravel Co.	10
Braun Lumber Company	10
John Breuner Company	12
Bridgeman & Russell Company	17
Broadway Department Store	31
Brockton Transportation Co.	11
Bronx Provision Corp. of N. Y.	10
Brooklyn Daily Eagle	21
Brooks Oil Company	12
Bry-Block Mercantile Company	14
Buckeye Pipe Line Company	25
Bullock's	23
P. H. Butler Company	48
Cable Draper Baking Company	10
Caddo Parish, Louisiana	13
State of California	87
California Baking Company	21
California Packing Corporation	20
California Petroleum Company	18
California Transit Company	48
California Truck Company	21
L. H. Callan	10
J. Calvert's Sons	11
William Cameron Co., Inc.	11
R. O. Campbell Coal Company	12
The Campbell System	33
Camfield Oil Company	24
Canton Provision Company	17
Canton Storage & Transfer Co.	15
Capitol Garage Company	10
Carbon Coal Company	13
R. E. Carey Company	12
Carolina Power & Light Co.	11
Carolina Public Service Co.	13
J. B. Carr Biscuit Company	12
Carstens Packing Company	10
Carter Oil Company	22
Casper Motor Bus Line	11
Central Maine Power Company	11
Central Torpedo Company	12
Chandler & Rudd Company	11
*Chapin-Sacks Corporation	62
Chase Bag Company	35
Cheek-Neal Coffee Company	19
*Chero-Cola Bottling Companies	108
The Chero-Cola Company	67
Chicago Amer. & Herald-Exam.	43
Chicago Fire Brick Company	20
Chicago Fire Insurance Board	13

	Whites Owned
Chicago, N. Shore & Mil. R. R. Co.	25
Chicago Towel Company	19
Chile Exploration Company	10
H. B. Church Truck Service Co.	10
Cia. Abastecedora de Leche	10
Cia. Nacional Construction	10
Cia. Tranvais de Mexico	10
Cincinnati Motor Terminals Co.	16
*Cities Service Company	113
City Baking Company	20
City of Chicago	135
City Ice Company (Kansas City)	19
City Ice & Fuel Co. (Cincinnati)	19
City Ice & Fuel Co. (Cleveland)	19
Clark Trucking Company	12
Clearing House Parcel Deliv. Co.	13
City of Cleveland	213
Cleve.-Ashta.-Conneaut Bus Co.	18
Cleve. Bldrs. Sup. & Brick Co.	90
The Cleveland Cartage Co.	22
Cleveland Coca-Cola Bottling Co.	32
Cleveland Elec. Illuminating Co.	62
Cleve.-Lorain-Sandusky Bus Co.	11
The Cleveland Press	20
Cleveland Provision Company	35
Cleveland Railway Company	33
Cleveland Transf. & Cartage Co.	33
Cleveland Trinidad Paving Co.	14
Cleveland & Sandusky Brew. Co.	30
Cloverlands Dairy Products Co.	10
*Coca-Cola Bottling Companies	353
The Coca-Cola Company	111
The Coca-Cola Co., Ltd. (Canada)	73
W. I. Coldiron	13
J. C. Coleman & Son	15
Collins Hauling Company	20
Colonial Ice Cream Company	28
State of Colorado	15
Columbia Ice & Ice Cream Co.	11
Columbia Stages	52
Comar Oil Company	23
R. H. Comey Company	11
Commercial Oil Company	10
Commercial Transfer Company	13
Commonwealth Fuel Co., Inc.	55
Commonwealth Pow. & Lt. Co.	12
The Connecticut Company	23
State of Connecticut	67
Connecticut Motor Transp. Co.	15
Consolidated Companies	38
Consolidated Ice Company	11
Consolidated Rendering Co.	34
Consort Coal Company	11
Consumers Baking Company	20
Consumers Dairy Company	24
Consumers Pie Company	17
*Continental Baking Company	21
Continental Oil Company	123
Coral Gables Utilities Company	34
Cottage Creamery Company	14
Walter J. Cox Company	10
Crane Company	19
Crescent Forward. & Transf. Co.	12
Cuban Government	19
Cudahy Packing Company	57
John T. Cunningham	35
Cushman Sons, Inc.	10
County of Cuyahoga	17
Dahl-Campbell Grocery Co.	15
Dannemiller Grocery Company	12
Darling & Company	26
Thomas D'Attillo	20
Davison Cartage Company	14
The Dayton Company	13
De Haven Ice Cream Company	10
Denver Cab Company	40
City and County of Denver	11
Louis Des Cognets	13
Dill & Collins Company	11
Dixie Construction Company	19
Drake Brothers	30
Driscoll Trucking Company	11
East Fayette Street Bus Line	13
East Ohio Gas Company	22
East Side Mill & Lumber Co.	15
Eastern Torpedo Company	26
Eastman Kodak Company	13
Thomas W. Easton's Sons	20
T. Eaton Company, Ltd	26
Eckenroth Sales Company	14
Abraham Eisenberg Co., Inc.	11
*Electric Bond & Share Co.	45
Electric Package Agency	14
Emerick Motor Bus Company	16
Empire Baking Company	22
Empire Gas & Fuel Company	13
Ernst Fuel & Supply Company	11
A. J. Evans	21
The Fair	12
Fair Haven Coal Company	11
Fairmont Creamery Company	55
Fayette Baking Company	20
Fenway Garage Company	15
Wm. Filene's Sons Company	17
Firestone Tire & Rubber Co.	12
Fischer Baking Company	16
Fischer Lime & Cement Co.	10
Fleischmann Company	21
Florida Coca-Cola Bottling Co.	12
Florida Motor Transport Co.	57
State of Florida	38
Fly & Hobson Company	13
C. H. Foley	15
Foster & Kleiser, Inc.	15
Frank & Seder	35
Franklin Ice Cream Company	33
Harry V. Franks	23
Frederick & Nelson, Inc.	25
William Freihofer Baking Co.	24
Fujiya Hotel Garage	11
Fuller Cleaning Company	12
W. P. Fuller & Company	24
Fullington Auto Bus Company	13
County of Fulton, Georgia	11
Frank Gaffney	15
Galena Signal Oil Company	17
A. W. Gamage, Ltd.	14
Garfield-Passaic Transit Co.	15
Gate City Dairy & Ice Cream Co.	10
General Baking Company	229
*General Electric Company	22
General Fire Extinguisher Co.	11
General Gas & Electric Corp.	28
General Petroleum Corporation	94
Georgia Railway & Power Co.	62
State of Georgia	75

	Whites Owned
Gerkins Oil Company	13
Gimbel Brothers, Inc. (Milw.)	15
Gimbel Brothers, Inc. (N. Y.)	94
Gimbel Brothers, Inc. (Phila.)	79
Glacier Park Transportation Co.	52
Globe Grain & Milling Co.	23
Gloucester Auto Bus Company	24
City of Gloucester	16
Adolf Gobel, Inc.	41
Goeringer Construction Co.	12
Goff-Kirby Company	18
Goldenrod Ice Cream Company	19
Golden Sheaf-Remar Baking Co.	20
Golden State Auto Tours Corp.	12
Golden State Milk Products	14
J. Goldsmith & Sons Company	12
B. F. Goodrich Company	12
Goodyear Tire & Rubber Co.	22
Grasselli Chemical Company	21
Gray Construction Company	25
Grays Harbor Ry., Lt. & Pow. Co.	12
The Great Atlan. & Pac. Tea Co.	14
Great Northern Paper Company	27
Great Southern Refining Co.	11
Greenfield Elec. Lt. & Pow. Co.	19
Greensboro Gas Company	10
Greif Brothers Cooperage Co.	42
Gridley Dairy Company	16
S. J. Groves & Sons Company	13
Gulf Production Company	45
*Gulf Refining Company	1738
Gypsy Oil Company	30
*Hadley Furniture & Carpet Co.	16
Hale Brothers	10
Halle Brothers Company	21
Hammond Lumber Company	12
W. T. Hardison & Company	11
Hardware & Supply Co.	10
Joseph Hart	19
A. D. Hartsell	19
Fred Harvey	34
C. F. Hathaway & Son	10
Hauser Packing Company	17
Haverty Furniture Company	24
Hawaii County, T. H.	19
Hawaiian Pineapple Co., Ltd.	21
Hecht Bros. & Company	32
H. J. Heinz Company	83
Heissler & Junge Company	20
Hercules Powder Company	17
Peter Herkner Trucking Co.	12
Hershey Creamery Company	10
Hess Brothers	11
Heywood-Wakefield Company	11
Hidleah-Allattah Bus Line	11
The Higbee Company	21
Hildebrandt Provision Company	14
H. G. Hill Grocery Company	19
Hitchner Biscuit Company	10
Hochschild, Kohn & Company	26
H. B. Hole	17
Holland Bread Company	58
Hollywood L. & W. Co. of Fla.	24
Hong Kong Hotel Co., Ltd.	11
Honolulu Constr. & Drayage Co.	14
H. P. Hood & Son	19
Hope Natural Gas Company	14
Joseph Horne Company	49
Houston Lighting & Power Co.	11
Huasteca Petroleum Company	27
J. L. Hudson Company	58
Hudson's Bay Company	22
Hughes-Curry Packing Co.	11
H. B. Hughes Truck Company	12
Humble Oil & Refining Co.	53
State of Idaho	20
State of Illinois	56
Imperial Ice Cream Company	25

	Whites Owned
Imperial Oil, Ltd	
Indep. Brew. Co. of Pittsburgh	
Independent Torpedo Company	
Independent Towel Supply Co.	
Indian Automobile Co., Ltd	
Indian Refining Company	
Indian Ter. Illuminating Oil Co.	
State of Indiana	
City of Indianapolis	
International Petroleum Co.	
International Petroleum Co., Ltd.	
Interstate Public Service Co.	
Interstate Wholesale Grocers	
Interurban Transportation Co.	
Iowa State Highway Com.	
Iron City Sand Company	
Iron Range Transportation Co.	
County of Jackson, Mo.	
Jahncke Service Company	
Jefferson County (Ala.)	
Jefferson Highway Transp'n Co.	
Jessup & Antrim Ice Cream Co.	
Jones Store Company	
Julian Petroleum Corporation	
Jump Housewrecking Company	
S. Kann Son's Company	
Kansas City Power & Light Co.	
Kansas Gas & Electric Company	
State of Kansas	
Kaufmann & Baer Company	
Herman Keiser	
Kennicott-Patterson Transf. Co.	
C. D. Kenny Company	
J. Kenny Transfer Company	
State of Kentucky	
George Kern	
King County (Washington)	
Kingan & Company	
The Knickerbocker Storage Co.	
B. B. & R. Knight, Inc	
E. H. Koester Bakery Company	
Laclede Gas Light Company	
County of Lake (Indiana)	
Lansburg & Brother	
LaSalle & Koch Comoany	
J. Laub Baking Company	
Laundry Trucking Company	
C. Lewis Lavine	
A. Leath & Company	
J. William Lee & Son	
Lewis-Chitty Company	
Fred T. Ley & Company	
Leyte Land Transportation Co.	
Liberty Baking Company	
Lilly White Gasoline Company	
Lincoln Fire Proof Storage Co.	
Lit Brothers, Inc.	
Livingston Baking Company	
Frederick Loeser & Company	
Loft, Inc.	
Log Cabin Baking Company	
Long-Bell Lumber Company	
Long's Transfer Company	
J. P. Loomis Coal & Supply Co.	
Loose-Wiles Biscuit Company	
Los Angeles Brewing Company	
Los Angeles Creamery Company	
Los Angeles Gas & Electric Corp.	
Los Angeles Ice & Cold Stor. Co.	
Los Angeles Railway Corp.	
City of Los Angeles	
County of Los Angeles	
State of Louisiana	
Louisville Railway Company	
City of Lowell (Mass)	
Arthur Lurie	
Lutter Brick Company	
R. H. Macy & Company	

WHITE T

Call

OF *TEN* OR *MORE*

In addition to the owners on the Roll Call, tens of thousands of owners operate White fleets of less than 10 or single Whites. There are more White Trucks in service than trucks of any other high-grade make.

We say again, as we said in 1924 . . . no other truck manufacturer has ever published such a volume of evidence of uninterrupted service at low cost. No other truck manufacturer can.

* * *

Let us send you free the complete White Roll Call booklet, tracing the building of these great White fleets year by year. The Roll Call has been growing steadily for 15 years. Write The White Company, Cleveland, or request it of the branch office or dealer near you.

	Whites Owned
Magnolia Petroleum Company	97
Mandel Brothers	45
Manhattan Oil Company	13
City of Manila, P. I.	15
Marland Refining Company	40
A. C. Marshall Company	12
Maryland State Roads Com.	10
State of Massachusetts	60
Massachusetts Baking Company	85
Material Cartage Company	18
May, Stern & Company	12
The May Company (Cleveland)	57
The May Co. (Los Angeles)	30
McCreery & Company	21
Estate of Alexander McGarr	13
McGowan Brothers Company	14
G. M. McKelvey Company	22
The C. L. McLain Company	10
McMahon Transportation Co.	20
McQuesten & Lewis	11
L. G. Meed	11
Wm. J. Meehan & Brother	13
Memphis Power & Light Co.	10
The Mengel Company	11
*Mercantile Stores Company	49
Merchants' Transfer Company	20
George E. Merrick	31
Mesaba Transportation Co.	19
Metropolitan Coal Company	20
Metropolitan Distributors, Inc.	28
Metropolitan Gas & Electric Co.	12
Metropolitan News Company	11
Metropolitan Tobacco Company	10
Mexican Gulf Oil Company	26
Louis Meyer Company	22
Mexican Petrol. Co., Ltd., of Del.	24
State of Michigan	35
Middlesex & Boston Street R. R.	13
*Middle West Utilities Corp.	22
Mid-Kansas Oil and Gas Co.	10
Midwest Refining Company	26
Milk Dealers Bottle Exchange	11
J. E. Miller	23
Olga Miller Trucking Company	20
Miller-Becker Company	12
Miller & Coatesworth	10
P. Milliron	12
Milwaukee Elec. Ry. & Lt. Co.	69
State of Minnesota	48
State of Missouri	31
Missouri Portland Cement Co.	10
State of Montana	26
Montgomery County (Ala.)	16
Henry Morgan & Company, Ltd.	14
K. E. & A. K. Morgan	38
Motor Transit Company	128
The Moxie Company	10
C. F. Mueller Company	10
Murphy Transfer Co., Inc.	25
A. I. Namm & Son	68
City of Nashville	16
National Bedding Company	10
National Biscuit Company	143
National Breweries, Limited	11
National Casket Company	29
National Ice & Cold Storage Co.	19
National Ice Cream Company	10
National Lamp Works (G. E.)	10
National Refining Company	84
Neal Fireproof Storage Co.	12
N. O. Nelson Manufacturing Co.	11
State of Nevada	19
City of Newark	13
Province of New Brunswick	19
State of New Hampshire	18
W. J. Newman Company	15
Newman Brothers	10
M. A. Newmark Company	15
New National Oil Company	18
New Orleans Public Service, Inc.	53
City of New Orleans	67
City of New York	711
State of New York	11
New York American & Journal	41
N. Y. Board of Fire Underwriters	21
*New York Central Railroad Co.	20
N. Y. Linen Sup. & Laundry Co.	28
New York State Railways	23
City of Niagara Falls	10
Noonan Bldg. Material Co., Inc.	12
Norfolk Ice Delivery Corp.	10
Norfolk Motor Bus Corporation	12
Norsk Trafik A/S	10
*North American Company	16
State of North Carolina	77
North Shore Food Products Co.	10
*Northern Ohio Trac. & Lt. Co.	84
Northern States Power Co.	23
Northern Transit Company	28
Northland Transportation Co.	12
Province of Nova Scotia	26
Rogelio C. Novo	10
Nu-Grape Bottling Company	23
State of Ohio	57
Ohio Oil Company	31
Oil Fields Transport Company	10
State of Oklahoma	10
Oklahoma Gas & Electric Co.	13
Oklahoma Pipe Line Company	14
Oliver Iron Mining Company	12
M. O'Neil Company	13
Hugh M. O'Neill	19
Onondaga County (New York)	18
Oppenheim, Collins & Co.	45
State of Oregon	40
Original Stage Line	12
The Outlet Company	15
Ovington Brothers Company	13
Ozark Pipe Line Company	20
Pacific Baking Company	34
Pacific Electric Railway Co.	80
Pacific Fruit & Produce Co.	22
Pacific Gas & Electric Company	36
Pacific Mills	25
Pacific Oil Company	16
Palais Royal	17
Pan American Petroleum Co.	20
*Pan Amer. Petr. & Transp. Co.	58
Park Auto Transportation Co.	12
Park & Tilford	13
Parker Brothers, Ltd	22
Frank Parmalee Company	20
Paterson Brewing & Malting Co.	10
Pechter Baking Company	11
Peninsula Rapid Transit Co.	28
State of Pennsylvania	21
Pennsylvania Edison Company	12
Pennsylvania Electric Corp.	13
*Pennsylvania-Ohio Electric Co.	38
Peoples Gas Light & Coke Co.	14
Perrett & Glenney	13
D. Peters	14
Petroleum Heat & Power Co.	13
Philadelphia Electric Company	16
City of Philadelphia	11
Philippine Government	53
Phenix Cheese Company	14
Phoenix Utility Company	25
Pickwick Stages	12
M. H. Pickering Company	10
Pierce Petroleum Corporation	225
Piggly Wiggly Stores	45
Pike's Peak Auto Highway Co.	17
Pilsener Brewing Company	15
Pioneer Truck Company	15
Pittsburgh Gage & Supply Co.	14
Pittsburgh Mercantile Company	13
Pittsburgh Plate Glass Co.	27
H. & S. Pogue Company	19
Portland Sebago Ice Company	14
Postal Telegraph Cable Co.	10
Powers Mercantile Company	12
Prairie Oil & Gas Company	33
Prairie Pipe Line Company	71
City of Providence	10
Providence Journal Company	10
Public Service Co. of Colorado	23
Public Service Corp. of N. J.	13
Public Service Electric Company	86
Public Service Gas Company	26
Public Service Production Co.	15
Public Service Transp. Co.	81
Puget Sound Int. Ry. & Pow. Co.	11
Puget Sound Power & Light Co.	27
*Pure Oil Company	28
*Purity Baking Company	35
Purtell Brothers	14
Puyallup-Tacoma Transit Co.	23
Quaker City Cab Company	151
Queens Bus Line Company	33
City of Quincy	10
Rainier National Park Company	29
Range Bus Line	11
T. S. Reed Grocery Company	10
Red Rock Company	12
Reed Oil Corporation	10
Reinhold Ice and Ice Cream Co.	15
Republic Struc. Iron Works Co.	13
Rhodes Wood Furniture Co.	11
Frank G. Richards	23
Richfield Oil Company	41
Richmond Rapid Transit Co.	20
Ridgewood Pie Baking Company	10
Rieck-McJunkin Dairy Co.	79
City of Rio de Janeiro	10
Rio Grande Oil Company	20
River Auto Stage Line	18
Rochester Gas & Electric Co.	49
Rocky Mount. Parks Transp. Co.	95
L. W. Rogers Company	18
Rome Coca-Cola Bottling Co.	11
The Rosenbaum Company	48
B. Rosenberg Company	13
*Roxana Petroleum Corp.	289
*Royal Dutch Company	26
Fred Rusch	25
George Rushton Baking Co.	11
J. P. Ryan	12
Saginaw Transit Company	10
City of St. Louis	15
St. Louis Bus Company	13
City of St. Paul	17
Saks & Company	40
Salt Lake Transportation Co.	25
San Diego Cons. G. & E. Corp.	20
Santo Domingo Pub. Wks. Dept.	31
San Francisco (City-County)	42
San Francisco Motor Dray. Co.	11
San Francisco Municipal Ry.	12
Sanger Brothers	10
Sanitary Grocery Company	10
San Joaquin Baking Company	17
San Joaquin Lt. & Pow. Corp.	22
Santa Ana Commercial Co.	15
Santa Barbara (City-County)	10
S. R.-P. & S. Auto Stage Co.	13
Morris Schapiro Interests	11
Schmidt & Ziegler, Limited	10
Schulze Baking Company	86
Henry Schultz	11
Nathan Schweitzer Co., Inc.	11
George Scofield Company	15
Scott Transportation Company	18
S. & E. Motor Hire	17
City of Seattle	17
Seattle Transportation Co.	14
Semon Ice Cream Corporation	10
Seven Baker Brothers	41
Shaeffer-Black Company	19
Shaffer Oil & Refining Company	63
Sharpless-Hendler Ice Cream Co.	20
Dennis Sheen Transfer Co.	22
Shell Oil Company of California	176
Shepard-Norwell Company	11
Sherman, Clay & Company	14
John Shillito Company	19
Shults Bread Company	18
Sieloff Packing Company	15
Franklin Simon & Company	27
Sinclair Consolidated Oil Corp.	23
Skelley Oil Company	16
Louie Slacum	10
W. & J. Sloane	37
Sonoma County, California	13
State of South Carolina	25
State of South Dakota	18
Southeastern Express Company	169
Southern Dray Company	10
Southern Oil Corporation	12
Southern Pacific Company	11
Southern Sierra Power Company	11
Southern Utilities Company	12
W. P. Southworth Co.	15
Spear & Company	23
Sperry Flour Company	17
City of Springfield, Mass.	11
Stadler Products Company	13
Otto Stahl, Inc.	22
Standard Brewing Company	12
Standard Oil Company of Brazil	13
Standard Oil Company of Calif.	256
Standard Oil Company of Ind.	234
Standard Oil Company of Ky.	465
Standard Oil Company of La.	207
Standard Oil Company of Neb.	28
*Standard Oil Company of N. J.	193
Standard Oil Company of N. Y.	842
Standard Oil Company of Ohio	162
Standard Pipe Line Company	18
Standard Sanitary Mfg. Co.	46
State Construction Company	14
C. P. Steinheiser Company	10
Sterchi Brothers	29
Sterling & Welch Company	23
Stern Brothers	48
John Sternecker	72
Steubenville Coal & Mining Co.	11
Steub., E. L. & B. V. Traction Co.	21
Stewart & Company	22
Stoll Oil Refining Company	15
*Stone & Webster Interests	72
Strawbridge & Clothier	34
Stringfellow-Harman Co.	12
Stroehmann Baking Company	25
Stryker Transp. & Cont. Company	12
Summerfield Company	14
Sun Oil Company	65
Superior White Company	10
Tacoma Bottling Works	17
Taft-Kern School Dist. (Cal.)	15
Taylor Bros. & Paquet Co.	15
Wm. Taylor Son, & Company	36
Teche Transfer Company	34
Telling-Belle Vernon Company	97
State of Tennessee	11
Tennessee Electric Power Co.	10
Terre Haute Brewing Company	13
State of Texas	65
Texas Company	188
Texas Power and Light Company	13
Textile Machine Works	10
Theurer-Norton Provision Co.	16
Thomas, Bennett & Hunter	19
Tidal Oil Company	19
*Tide Water Oil Company	63
Tide Water Oil Sales Corp.	11
City of Tokyo, Japan	19
Tokyo Shigai Jidosha Co.	65
City of Toronto, Ont., Canada	12
Transcontinental Oil Co.	41
Tribune Pub. Co. (Oakland)	10
Trigg-Dobbs & Company	11
Twin City Motor Bus Company	33
Union Auto Transportation Co.	12
Union Electric Lt. & Pow. Co.	11
Union Gas & Electric Company	40
Union Ice Company	26
Union Oil Co. of California	759
Union Transfer Co. (Fremont)	12
Union Transfer Co. (Phila.)	13
Union Wholesale Lumber Co.	12
Uniontown Baking Company	10
United Drug Company	10
United Electric Light Company	12
United Electric Railways Co.	34
*United Gas Imp. Co. Interests	62
United Natural Gas Company	12
United Railways & Electric Co.	35
United Service Company	12
United Shoe Machinery Corp.	14
United Stage Lines	12
United States Bakery	25
United States P. O. Department	659
United States Rubber Company	17
*United States Steel Corp. Ints.	27
United States Stores Corp.	14
Updike Lumber & Coal Co.	13
Utica Gas and Electric Co.	28
Vacuum Oil Company	27
A. Valdes & Company	13
State of Virginia	74
Viscose Company	11
F. G. Vogt & Sons, Incorporated	11
Waite Phillips Company	14
John Wanamaker	99
Ward Baking Corporation	24
Warner Sugar Refining Co.	12
Washington Bakeries Corp.	43
Washington Ry. & Elec. Co.	27
County of Wayne, Michigan	10
Webb, Hendricks & Hamilton	12
Weicker Trans. & Storage Co.	11
Raphael Weill & Company	20
Percy Wenham	14
West Penn System	41
West India Oil Company	27
State of West Virginia	22
Western Electric Company	39
Western Meat Company	27
Western Motor Transfer Co.	17
Western Newspaper Union	10
Western Union Telegraph Co.	11
Westinghouse Elec. & Mfg. Co.	15
Wheeling Steel Corporation	23
R. H. White Company	13
White Stage Line	24
White Transfer & Storage Co.	13
White Transit Company, Inc.	52
Whiting-Mead Commercial Co.	16
W. A. Wieboldt Company	25
Willard's Chocolates, Ltd	14
Wilshire Oil Company	16
Wilson & Company	30
Winchester Laundry Corp.	29
Wm. Winkler (Steele-Wedeles)	20
Winona Oil Company	14
State of Wisconsin	27
Wisconsin Power & Light Co.	18
Wise Brothers	21
Wofford Oil Company	38
Wood River & Alton Bus Lines	18
Woodward & Lothrop	22
Wooiner Brewing Company	11
City of Worcester (Mass.)	13
Worden & Son	14
Geo. Worthington Company	19
Wouter's Laundry	12
Wright Cake Company	17
State of Wyoming	38
C. H. Yeager Company	10
Yellowstone Park Transp. Co.	304
Yosemite National Park Co.	52
Youngstown Municipal Ry. Co.	36
Youngstown Sheet & Tube Co.	12
Ypsilanti Reed Furniture Co.	11
Zamboanga Transportation Co.	19
Zellerbach Paper Company	13
Zettelmeyer Coal Company	22
Zions Co-operative Merc. Inst.	11
	31,093

* Exclusive of subsidiary or affiliated companies individually listed.

TRUCKS

THE WHITE COMPANY
CLEVELAND

Trade Tendencies

Business Sentiment More Cheerful

Signs of Scattered Improvement — Price Level Stabilizing But Irregularities Persist

STEEL

Indications of Betterment

THE steel industry's confidence is being revived as a result of fairly encouraging developments during the past two weeks. Producers seem to have been successful in attempting to stabilize the market. While individual items are still weak, the general tone of prices is suggestive of a firmer tendency. After falling 50 cents a ton to around $19, pig iron encountered a number of large buying orders from interests usually considered good judges of conditions. Steel scrap prices have turned upward, stimulated by a general betterment in demand.

These events have encouraged consumers and ordering has increased in volume. New business is estimated to be running from 2 to 3 thousand tons a day in excess of the April rate. This would indicate that unfilled orders for May will show a smaller decline that those reported for April, unless the mills increase output which is now

(*Please turn to page* 272)

COMMODITIES

(See Footnote for Grades and Unit of Measure)

	1925 High	1925 Low	*Last
Steel (1)	$38.00	$35.50	$35.50
Pig Iron (2)	22.00	19.00	19.00
Copper (3)	0.15¼	0.13¼	0.13⅝
Petroleum (4)	3.85	3.00	3.65
Coal (5)	1.95	1.82	1.82
Cotton (6)	0.25⅝	0.22½	0.23¼
Wheat (7)	2.16	1.48	1.67½
Corn (8)	1.27	1.03	1.13¼
Hogs (9)	0.13⅝	0.10⅛	0.12⅛
Steers (10)	0.11½	0.10⅝	0.10⅞
Coffee (11)	0.23⅞	0.17½	0.17½
Rubber (12)	0.70	0.35	0.59
Wool (13)	0.70	0.48	0.48
Tobacco (14)	0.24	0.22	0.22
Sugar (15)	0.04⅝	0.04¼	0.04⅝
Sugar (16)	0.07	0.05½	0.05¾
Paper (17)	0.04	0.03⅝	0.03¾

*May 25.

(1) Open Hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Pennsylvania, $ per barrel; (5) Pittsburgh, mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 Red, Chicago, $ per bushel; (8) No. 3 Yellow, Chicago, $ per bushel; (9) Light, Chicago, $ per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, Spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, Delaine, unwashed, c. per lb.; (14) Medium Burleigh, Kentucky, — per lb.; (15) Raw Cubas 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.

THE TREND IN MAJOR INDUSTRIES

STEEL—Industry recovering stability as buying picks up moderately. Prices firmer. Production holding around 70% of capacity. Smaller decline in unfilled orders likely for May.

METALS—Red metal holds in very narrow price range. Domestic business dull but export trade fairly active. Immediate prospect favors continued firmness. Lead and zinc advance sharply.

OIL—Small gasoline war in East terminated. Refinery prices show tendency to advance in Midcontinent. Further increase in Smackover crude quotations and premiums in Pennsylvania suggest more general rise in crude.

WHEAT—Strength in market a reflection of reduced winter wheat yield and prospect for small carry-over. Spring wheat seems in need of more moisture.

COTTON—Prices rebound in over-sold market. Crop prospects favorable but weather conditions likely to play larger part in market.

LEATHER—Hides display easy tone. Leather is quiet except for some improvement in sole leather grades. Industry facing period of summer quiet.

TEXTILES—Silk remains the center of activity in textiles. Record production. Wages recently advanced. Woolen and cotton goods business slow, but firmer cotton market has helped manufactured product.

RUBBER—Crude rubber suffers first important set-back since recent upswing started. Consumers are buying cautiously at current levels although statistical position is strong.

MOTORS—Motor industry still keyed to high pitch. May production will probably have established new record output. Some slowing up likely.

SUGAR—Sugar markets slightly firmer as Cuban grinding season draws to a close. Consumption of refined commodity should soon begin to expand, stimulated by warm weather.

COAL—More soft coal producers halt mining operations through inability to compete with low cost, non-union districts. Trade depressed with little prospects for early change.

SUMMARY—The business aspect has brightened during the past fortnight with modest improvement in various quarters. Commodity prices manifest a firmer undertone and some improvement is noted in the volume of demand. The situation continues to be marked by many irregularities however, and the approaching summer season will probably tend to restrain sharp expansion.

IMPORTANT CHANGES IN CAPITALIZATION OF LEADING COMPANIES

Actual Changes Reported Since Our Issue of May 9th

(*Continued from page 229*)

METROPOLITAN EDISON CO.

May 1—Increased: Auth. indebtedness from $20,000,000 to $50,000,000. Increased: Auth. Com. from 300,000 shs. to 500,000. Classified: present 75,000 shs. $7 Cum., participating Pfd. as Series "A."

Created: new issue of 150,000 shs. $7 non-partic., non-par Pfd., Series "B," and a new issue of 150,000 shs. $6 non-partic., non-par Pfd., Series "C."

MISSOURI PACIFIC R. R. CO.

June 1—Offered to exchange: $120 face Am't. of its s. f., col. tr. 7% g. Notes, '39 for each of the remaining 36,833 outstanding shs. Cap. Stk. of NEW ORLEANS, TEXAS & MEXICO RY. CO. not already acquired.

NATIONAL DEPARTMENT STORES, INC.

May 2—Acquired: department store of the LIPMAN-WOLFE CO., of Portland, Ore.

NEW YORK CENTRAL R. R. CO.

Up to May 1—All but $14,000,000 of its $100,000,000 cv. deb. 6s, '35 had been converted into Com. Stk., when the privilege expired.
May 22—Sold: eq. tr. 4½s, '26-'40 .... $10,530,000

NIAGARA, LOCKPORT & ONTARIO POWER CO.

Apr. 18—Issued: for land, water rights and electric distribution franchises, 8,121 shs. 7% Cum. Pfd. $812,100
May 6—Offered: to Com. and/or Pfd. holders, right to subscribe, at 106, to 1 sh. Pfd. for each 201.5 shs. held $187,900

NORFOLK & WESTERN RY. CO.

May 23—Acquired control: through 999 Yr. lease, of the VIRGINIAN RY. CO., which operates a 440 Mi. road from Norfolk, Va., to Deepwater, W. Va.

PAN AMERICAN PETROLEUM & TRANSPORT CO.

May 7—Incorporated: the PAN AMERICAN WESTERN PETROLEUM CORP., with Auth. non-par Cap. of 200,000 shs. Class "A" and 800,000 shs. Class "B" Stk., to take over the California interests of the former Co.

PEOPLE'S GAS LIGHT & COKE CO. OF CHICAGO.

May 1—Increased: Auth. Cap. Stk. from $38,500,000 to $42,350,000.

PHILADELPHIA RAPID TRANSIT CO.

June 1—Redeemed: at 100¼, all 2-Yr. 6% sec. g. Notes, due Dec. 1 .... $3,500,000

PUNTA ALEGRE SUGAR CO.

May 11—Sold: 6% g. Notes, '27 .... $2,000,000

ROSSIA INSURANCE CO. OF AMERICA.

June 1—Increased: Auth. Cap. Stk. from $1,200,000 to $1,600,000.

SCHULTE RETAIL STORES CORP.

June 1—Paid: to Com. holders, a $2 Div. in Pfd. Stk. $750,000

SOUTHERN PACIFIC R. R. CO.

May 9—Sold: 1st refunding 4s, '55 .... $6,425,500

STERN BROTHERS.

May 25—Retired: at $116.89, 27,796 shs. 8% Cum. Pfd., all. $2,779,600

STANDARD GAS & ELECTRIC CO.

May 13—Issued: for cash, 50,000 shs. additional 7% Cum. Preference Stk. $5,000,000
During fortnight ended May 23—6½% Debentures converted into Com. Stk. amounted to $1,700,000

TIMKEN ROLLER BEARING CO.

May 13—Purchased: for cash, entire assets of the GILLIAM MFG. CO. $3,000,000

TRANSCONTINENTAL OIL CO.

June 1—Redeemed: at 103, entire issue of NATIONAL STEEL CAR LINES Series "B," eq. tr. ctfs., 6s $1,000,000

UNITED LIGHT & POWER CO.

May 20—Sold: its holdings in the GRAND RAPIDS, GRAND HAVEN & MUSKEGON RY. CO. to a group of Grand Rapids men.

UNIVERSAL PIPE & RADIATOR CO. (See Iron Products Corp.)

VIRGINIA RY. & POWER CO.

May 20—Control sold: by Frank Jay Gould to Stone & Webster, Inc.

WELLS, FARGO & CO. (See American Express Co.)

WEST PENN POWER CO.

June 1—Redeemed: at 106, Series "C," 1st 6s, '58, entire issue. $5,593,000

PRAIRIE OIL & GAS CO.

(Continued from page 240)

same time. Of the $10,000,000 unissued stock, $5,000,000 is to be offered to employes on a partial payment plan and the balance of $5,000,000 will remain in the treasury against future needs.

Dividend Record and Financial Condition

Initial dividend of 50c a share was paid on the new par stock on April 30 last and the present rate of $2 per share is equivalent to the former $8 rate on the $100 par stock. As a dividend payer, Prairie Oil & Gas has had a remarkable record. On the old $100 par stock it has paid dividends as follows: 1911, 23%; 1912, 25%; 1913, 6%; 1914, none; 1915, 150% in the stock of the Prairie Pipe Line Co.; 1916, 18%; 1917-18, 20%; 1921, 22%; 1922, 23% and 200% in stock and 1923-24 8%.

True to the Standard Oil precepts, Prairie Oil & Gas has always maintained a strong working capital position, that item standing at $77,000,000, round figures, at the end of last year. As a result, the company is always in a position to take advantage of low prices for oil and at times is a large buyer of crude. This ability to buy on the dips and sell on the bulges is one of the chief reasons for Prairie's success. At the end of 1923, Prairie's oil inventory stood at approximately $55,000,000 and the company did not hesitate to take advantage of the low prices in the second half of 1924 to add further to its oil supplies. Inventory at the end of last year totaled $66,321,000, round figures.

Outlook for Stock

Prairie, then, entered the current year with a very considerable volume of oil on hand. The recent strength of its stock is, no doubt, a reflection of the excellent profits which the company stands to make this year provided the oil price-structure holds. Notwithstanding the present large daily production of oil the output of light crude has declined materially since the first of the year and indications are that the present prices for refined will be maintained or, perhaps, even advanced. Generally speaking, the outlook for the oil industry is now more favorable than for several years past.

At 61, Prairie returns only 3.2% on an investment and must be bought, therefore, with an eye to future rather than immediate returns. It would not be extraordinary if Prairie either increased its present rate or declared an extra dividend before the end of the current year. Considering the company's past record and its prospects the stock does not seem to have fully discounted its speculative possibilities.

New York Stock Exchange

RAILS

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1924		1925		Last Sale May 27	Div'd $ per Share
	High	Low	High	Low	High	Low	High	Low		
Atchison	125⅝	90¼	111⅛	75	120¾	91¾	127⅞	116⅛	119½	7
Do. Pfd.	106⅜	96	102⅛	75	96⅝	72	96	92½	95¾	5
Atlantic Coast Line	148½	102⅛	126	79⅞	152¼	77	166	147⅛	163	7
Baltimore & Ohio	122¼	90⅝	96	88¼	84⅞	27⅝	84¼	71	78	5
Do. Pfd.	96	77⅛	80	48¼	66½	38½	66½	62⅞	†64⅝	4
Bklyn-Man. Transit	..	..	..	..	41⅞	9¼	45	35½	44	..
Do. Pfd.	..	..	..	..	75¾	31⅜	81¾	72⅞	78⅜	6
Canadian Pacific	283	165	220⅛	126	170⅞	101	152⅝	136⅛	143⅝	10
Chesapeake & Ohio	92	51⅛	71	35⅝	98¼	46	99⅛	89¼	98⅛	4
Do. Pfd.	..	..	..	..	109⅛	96	111	105¼	111	6½
C. M. & St. Paul	165⅛	96¾	107⅛	35	52¾	10⅞	16⅜	3¼	9½	..
Do. Pfd.	181	130⅛	143	62½	76	18¼	28½	7	14½	..
Chic. & Northwestern	198½	123	136⅞	35	105	45⅛	75⅜	47½	57¾	4
Chicago, R. I. & Pacific	..	..	45⅜	16	50	19⅛	54¼	40⅛	46¾	..
Do. 7% Pfd.	..	..	94⅜	44	105	64	99¼	92	†97½	7
Do. 6% Pfd.	..	..	80	35⅝	93¾	54	89⅛	82	87½	6
Delaware & Hudson	200	147⅛	159⅛	87	141½	83¼	155	133⅛	152⅛	9
Delaware, Lack. & W.	340	192½	242	160	260½	93	147	125	145	‡6
Erie	61¼	33⅛	59⅛	18⅜	35⅞	7	34	26⅜	28¾	..
Do. 1st Pfd.	49¾	26¼	54¾	15⅛	49¼	11⅛	46⅞	35⅛	38¼	..
Do. 2nd Pfd.	89⅛	19½	45⅝	13⅛	46¼	7⅛	43¾	35	37½	..
Great Northern Pfd.	157⅞	115⅛	134¾	79⅛	100⅝	50⅝	71¾	60	67¼	5
Hudson & Manhattan	..	..	..	..	29¼	20⅝	32½	21¾	31	2½
Illinois Central	162⅛	102⅜	115	85⅜	117⅞	80⅝	119⅝	111	†113¾	7
Interboro Rap. Transit	..	..	..	..	39⅛	9½	34½	13½	19¼	..
Kansas City Southern	50¼	21⅜	35⅛	13⅛	41¾	13	40½	28⅝	32⅞	..
Do. Pfd.	75½	56	65½	40	59½	40	59⅝	57	59	4
Lehigh Valley	121¼	62½	87⅛	50⅝	85	39⅛	82⅝	69	80	3½
Louisville & Nashville	170	121	141⅞	103	155	84¾	117¼	106	110⅛	6
Mo. Kansas & Texas	*51⅛	*17⅛	*24	*3⅛	34⅞	*⅜	40¼	28¼	34⅝	..
Do. Pfd.	*78¼	*46	*60	*6⅛	75⅜	*2	87⅜	74¾	83	5
Missouri Pacific	*77½	*21½	38⅛	19⅞	38⅞	8¼	41	30⅝	34¾	..
Do. Pfd.	..	..	64⅞	37½	74	22¼	83¼	71	79¾	..
N. Y. Central	147¾	90⅝	114¼	62½	119¾	64⅛	124⅜	113⅞	117¾	7
N. Y., Chi. & St. Louis	109¾	90	90¾	55	128	23⅜	137¼	120	†123½	6
N. Y., N. H. & Hartford	174¾	65⅝	89	21½	40⅞	9⅝	36⅝	28	34⅜	..
N. Y., Ontario & W.	55⅜	25⅛	35	17	30½	14¼	27½	20⅝	24¾	1
Norfolk & Western	119¼	84¼	147⅛	92⅝	133¼	84¼	134⅝	123½	131¾	7
Northern Pacific	159½	101¾	118⅞	75	99⅞	47⅞	71¾	58¼	65⅛	5
Pennsylvania	75⅝	53	61½	40¼	50	32¼	48⅞	42½	44	3
Pere Marquette	*36½	*15	38⅛	9⅛	73	12⅛	72	62¾	64	4
Pittsburgh & W. Va.	..	..	40⅝	17⅜	94	21½	73⅞	63	71⅞	..
Reading	89⅝	59	115½	60⅛	108	51⅞	85⅜	69¾	85¼	4
Do. 1st Pfd.	46⅜	41¼	46	34	61	32⅞	40½	35⅞	40½	2
Do. 2nd Pfd.	58¾	42	52	33¾	65⅛	33⅛	44	36¼	42¼	2
St. Louis-San Fran.	*74	*13	50⅛	21	65	10⅜	84⅛	57½	80⅛	5
St. Louis Southwestern	40⅝	18⅛	32½	11	55⅞	10⅞	53⅜	44½	49	..
Seaboard Air Line	27½	13¼	22⅝	7	24⅛	2⅛	35¾	20⅜	33⅞	..
Do. Pfd.	56½	23½	58	15⅛	45½	3	48	35	45½	..
Southern Pacific	139⅛	83	110	75¾	118¼	67½	108¾	[illegible]	102¾	6
Southern Railway	34	18	36¾	12½	79¾	24¾	96⅝	77⅝	93¼	5
Do. Pfd.	86⅞	43	85¼	42	85	42	92¾	83	86⅝	5
Texas & Pacific	40½	10¼	29½	6⅛	70½	14	58⅜	43¼	52½	..
Union Pacific	219	137¾	164⅜	101¼	154¾	110	153¼	133¼	139⅞	10
Do. Pfd.	118½	79⅜	86	69	80	61¼	76	73¼	74⅛	4
Wabash	*27⅞	*2	17½	7	24⅜	6	29⅜	19½	28¼	..
Do. Pfd. A	*61¾	*6⅛	60½	30⅞	60¾	17	68¼	53¾	66¾	5
Do. Pfd. B	..	..	32⅞	18	42⅜	12¼	49⅞	38½	†48	..
Western Maryland	*56	*40	23	9¼	17¼	8	17⅝	11	14	..
Do. 2nd Pfd.	*88¼	*53½	*58	20	30½	11	26¼	16	20⅞	..
Western Pacific	..	..	25½	11	40	12	55	32¼	41¾	..
Do. Pfd.	..	..	64	35	86½	51½	100	84½	91½	6
Wheeling & Lake Erie	*12⅞	*2½	27⅜	8	18¼	6	18½	10⅜	16½	..
Do. Pfd.	..	..	50⅝	16⅝	32½	9¼	33½	22	†29¾	..

INDUSTRIALS

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1924		1925		Last Sale May 27	Div'd $ per Share
	High	Low	High	Low	High	Low	High	Low		
Adams Express	270	90	154½	42	93½	22	103¼	90	95	6
Ajax Rubber	..	..	89⅛	45⅛	113	4⅛	14⅞	10	13½	..
Allied Chem. & Dye	..	..	..	..	91¾	34	94½	80	94½	4
Do. Pfd.	..	..	..	..	118⅝	83	120	117	†118½	7
Allis-Chalmers Mfg.	10	7⅝	49⅛	6	73⅞	26½	86⅛	71½	83⅛	6
Do. Pfd.	43	40	92	32½	104⅞	67½	107¼	103¼	†106	7
Am. Agric. Chem.	63⅝	33½	106	47¾	113¾	7⅛	21⅞	13½	20⅛	..
Do. Pfd.	105	90	103½	89⅛	103	18¾	58	36½	55⅝	..
Am. Beet Sugar	77	19¾	108½	19	103¾	24½	43	36⅝	40	4
Am. Bosch Magneto	..	..	..	..	143⅞	22¼	54⅛	26⅛	32¼	..
Am. Can	47⅜	6⅞	68½	19¼	163½	21¾	194	158⅛	189¾	‡5
Do. Pfd.	129¼	96	114⅛	80	119	72	120¼	115	119½	7
Am. Car & Foundry	76½	36⅛	98	40	201	153½	111½	97½	106	6
Do. Pfd.	124⅜	107½	119⅛	100	126⅛	105¾	125½	120¾	†124	7
Am. Express	300	84¾	140½	77½	175	76	166	125	136¾	6
Am. Hide & Leather	10	3	22⅛	2⅛	43⅛	5	14	8½	11¾	..
Do. Pfd.	51⅞	15⅛	94⅞	10	142⅜	29¾	75⅞	59	73⅝	..
Am. Ice	..	..	49	8⅞	122	37	110¾	83	107⅛	7
Am. International	..	..	62⅝	12	132¼	17	41	33⅛	33¾	..
Am. Linseed Pfd.	47⅜	20	92	24	113	4¼	71⅝	53	70	7
Am. Locomotive	74¾	19	98¼	46⅝	136¾	58	144⅞	104½	123¾	‡8
Do. Pfd.	122	75	109	93	122¼	96½	124	118½	122	7
Am. Metal	..	..	..	..	55⅞	38¾	53¾	45¾	48	3
Am. Radiator	*500	*200	*445	*235	*345	64	105	89⅞	94	4
Am. Safety Razor	..	..	..	..	40⅝	*3⅛	59¼	36⅞	51½	3
Am. Ship & Commerce	..	..	..	..	47½	4⅜	14½	9⅛	9¼	..
Am. Smelt. & Ref.	105⅛	56⅝	123¾	50¼	100⅜	29¼	106⅝	90¾	102	6
Do. Pfd.	116¾	98⅛	118⅞	97	109⅝	63¼	110⅝	105½	109½	7
Am. Steel Foundries	74½	24⅛	95	44	50	18	39⅞	39¼	39⅞	3
Do. Pfd.	..	..	..	..	100¼	78	112	108	†110	7
Am. Sugar Refining	136⅜	99⅞	126½	89⅛	148⅛	36	71¼	45⅝	63½	..
Do. Pfd.	133½	110	123½	106	119	67½	101½	91	97	7
Am. Sumatra Tobacco	..	..	145⅜	15	120½	6⅜	24½	6	8⅛	..
Do. Pfd.	..	..	108	75	105	22½	78	28	78	..
Am. Tel. & Tel.	153⅜	101	134⅛	90⅝	134¾	92⅛	138⅜	130⅝	138¾	9

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913		War Period 1914-1918		Post-War Period 1919-1924		1925		Last Sale May 27	Div'd $ per Share
	High	Low	High	Low	High	Low	High	Low		
Am. Tobacco	*530	*200	*256	*123	*314½	52⅛	96⅞	85	96¼	7
Do. Com. B	..	..	..	..	*210	81¼	95⅞	84½	95½	7
Am. Water Wks. & Elec.	..	..	..	..	*144	*4	64½	34⅜	63½	1.20
Am. Woolen	40⅝	15	60⅝	12	169½	51¼	64¾	34⅜	38¼	..
Do. Pfd.	107¾	74	102	72½	111⅝	88½	96⅛	69½	80	7
Anaconda Copper	54⅝	27⅛	105⅝	24¼	77⅝	28½	48	35¼	38⅜	3
Associated Dry Goods	..	..	28	10	140½	48	214	128	212½	5
Do. 1st Pfd.	..	..	75	50½	94	49⅞	99⅝	94	99	6
Do. 2nd Pfd.	..	..	49½	35	102⅝	38	108	101	†106	7
Associated Oil	..	..	*78¾	*52½	*142	24⅞	40	32	39⅛	1½
Atl. Gulf & W. Indies	13	5	147¾	4½	192⅝	9¼	48½	20	44⅛	..
Do. Pfd.	32	10	74⅞	9⅞	76½	6¾	47¾	31	44	..
Atlantic Refining	..	..	..	..	*1575	78½	117½	95½	109⅞	..
Austin Nichols	..	..	..	..	40⅜	8	32½	23¼	25⅛	..
Do. Pfd.	..	..	..	..	91	50⅝	93	87⅝	†89	7
Baldwin Locomotive	60⅜	36½	154½	26⅝	156¼	62¼	146	107	114⅝	7
Do. Pfd.	107½	100¼	114	90	118	92	116⅝	109	†110⅛	7
Bethlehem Steel	*51⅝	*18¾	155½	59¾	112	37¾	53½	38¾	40	..
Do. 7% Pfd.	80	47	186	68	108	87	102	94	95¼	7
Do. 8% Pfd.	..	..	110½	92½	116⅝	90	116½	109	112	8
Brooklyn Edison Electric	134	123	131	87	124⅝	82	140⅝	120⅝	136¼	8
Brooklyn Union Gas	164½	118	138¾	78	128	41	91⅝	75½	88⅞	4
Burns Brothers	45	41	161½	50	147	76	109½	92½	†106⅝	10
Do. B	..	..	..	..	53	19⅝	28½	17	26⅛	2
Butte & Superior	..	..	105¼	12¼	37⅞	8	24¼	6⅛	9⅝	.50
California Packing	..	..	50	30	106¼	48¼	114½	100½	113½	6
California Petroleum	72½	16	42⅝	8	71⅞	15¾	32⅞	23⅞	29⅛	1.75
Do. Pfd.	95½	45	81	29½	110½	63	123	100	122⅝	7
Central Leather	51¾	16⅛	123	25⅞	116⅛	9⅝	21⅜	14⅝	19	..
Do. Pfd.	111	80	117½	94⅞	114	28⅛	66	49¼	63¼	..
Cerro de Pasco Copper	..	..	55	25	67½	23	55⅛	43⅛	49⅞	4
Chandler Motor	..	..	109⅞	56	141¼	26⅞	37⅝	28½	35⅞	3
Chile Copper	..	..	39¼	11¼	38⅜	7¼	37⅝	30¼	34¼	2½
Chino Copper	50⅝	6	74	21⅜	50⅞	14	28⅜	19	†20½	..
Coca Cola	..	..	..	..	83⅝	18	116¼	80	111⅞	7
Colorado Fuel & Iron	53	22½	66½	20½	56	20	48⅛	32¼	39⅛	..
Columbia Gas & Elec.	..	..	54⅛	14¼	114⅞	30¼	69⅜	45⅜	65⅜	2.60
Congoleum-Nairn	..	..	..	..	*184⅝	32⅜	43½	25	27	3
Consolidated Cigar	..	..	..	..	80	11⅜	42⅝	36½	42¼	..
Consolidated Gas	*165¼	*114½	*150½	*112½	*145¾	56⅝	89½	74⅛	87¼	5
Continental Can	..	..	*127	*37½	*131¾	*34⅜	70½	60½	66⅛	4
Corn Products Refining	26½	7⅜	50½	7	160½	31½	41⅝	33¾	33¾	2
Do. Pfd.	98½	61	113½	58⅛	123¾	96	123½	118⅛	†121	7
Crucible Steel	19⅝	6⅛	109⅞	12¼	278½	48	79¾	64½	71	4
Cuba Cane Sugar	..	..	76⅝	24⅞	59⅝	5⅝	14⅝	10⅜	11⅝	..
Do. Pfd.	..	..	100½	77¼	87⅝	13⅛	62⅝	47¾	50⅞	..
Cuban-American Sugar	*58	33	*273	*38	*605	10⅞	33½	27	29⅜	3
Cuyamel Fruit	..	..	..	..	74½	45½	59	50	54¼	4
Davison Chemical	..	..	..	..	81¼	20⅜	49⅜	37⅞	39⅜	..
Dupont de Nemours	..	..	..	..	169⅜	105	169⅝	134¼	165	10
Eastman Kodak	*No	Sales	*605	*605	*690	70	118	108⅛	109½	‡5
Electric Storage Battery	*64¼	*42	*78	*42¼	*153	37	70¾	60⅜	66	4
Endicott-Johnson	..	..	..	..	150	44	72	63¾	69½	5
Do. Pfd.	..	..	..	..	119	84	116¾	112½	114	7
Famous Players-Lasky	..	..	..	..	123	40	108½	90½	107½	8
Do. Pfd.	..	..	..	..	108½	66	112¼	103⅞	112	8
Fisher Body	..	..	43	25	240	75	70	60¼	69	5
Fisk Rubber	..	..	..	..	55	5½	17⅛	10½	16¼	..
Do. 1st Pfd.	..	..	..	..	86	38⅛	96	75½	95	4
Fleischmann Co.	..	..	..	..	90¼	37⅜	87	75	85¼	4
Foundation Co.	..	..	..	..	94⅝	58½	116¾	89½	114½	8
Freeport-Texas	..	..	70½	25¾	64⅜	7½	18½	8	14⅜	..
General Asphalt	42⅞	15½	39⅝	14¼	160	23	63¾	42½	56⅜	..
General Cigar	..	..	..	..	98⅝	47	101¾	84½	88½	8
General Electric	188½	129¾	187¼	118	322	109½	320	227¼	283⅞	8
General Motors	*51¾	*25	*850	*74½	66⅞	*8⅛	79	64⅝	77⅜	6
Do. 7% Pfd.	..	..	..	..	103½	95½	108⅞	102	107½	7
General Petroleum	..	..	..	..	45	38⅜	57⅛	42	54⅛	2
Goodrich (B. F.) Co.	86½	15⅛	80¼	19⅝	93⅜	17	55½	36¾	52⅜	..
Do. Pfd.	109¾	73⅜	116¾	79⅞	109½	62½	99⅞	92	†98	7
Goodyear T. & R. Pfd.	..	..	..	..	90⅜	35	101⅞	86½	101	7
Do. prior Pfd.	..	..	..	..	108⅛	88	107¼	103	105½	8
Granby Consolidated	78¼	26	120	58	80	12	21¼	13	†14½	..
Great Northern Ore Ctfs.	88½	25½	50⅜	22½	52¾	24⅞	40½	27⅜	28½	1
Gulf States Steel	..	..	137	58¾	104⅜	25	94⅞	67½	84¾	5
Hayes Wheel	..	..	..	..	52⅞	31	43¼	30	40⅛	3
Houston Oil	25½	8¼	86	10	116½	40½	85	59	69½	..
Hudson Motor Car	..	..	..	..	36	19½	57⅛	33¾	56⅝	3
Hupp Motor Car	..	..	11⅜	2½	29½	4⅜	19¼	14¼	17⅞	1
Inland Steel	..	..	..	..	48¾	31½	[illegible]	38⅜	41¼	2½
Inspiration Copper	21⅝	13⅞	74¾	14¼	68⅞	22½	32¾	22½	23¾	..
Inter. Business Mach.	..	..	52⅝	24	118⅞	28¾	126¾	110	121½	8
Inter. Combustion Eng.	..	..	..	..	39	19⅝	44	31¾	40½	2
Inter. Harvester	..	..	121	104	149⅝	66¾	114¼	96¼	109⅜	5
Inter. Merctl. Marine	9	2⅛	50⅝	⅝	67¾	4⅞	14⅞	8½	8⅜	..
Do. Pfd.	27⅝	12½	125⅝	8	128½	18½	52¾	36⅜	37¼	..
Inter. Nickel	*227½	*135	57½	24½	33⅞	10⅜	30¾	24	27⅜	..
Inter. Paper	19⅜	6½	75½	9½	91⅜	27⅞	73⅝	48¼	70¼	..
Kelly-Springfield Tire	..	..	85¼	36⅞	164	9⅜	19½	12½	17⅝	..
Do. 8% Pfd.	..	..	101	72	110¼	33	54½	41	54½	..
Kennecott Copper	..	..	64¼	25	57¾	14⅝	57¾	46½	50⅜	3
Kinney (G. R.) Co.	..	..	..	..	86¼	35½	87¾	72	85	4
Lima Locomotive	..	..	..	..	74⅞	52	74¾	61¼	63	4
Loew's, Inc.	..	..	..	..	38⅜	10	29¾	[illegible]	28⅛	2
Loft, Inc.	..	..	..	..	28	5⅛	9⅛	6	8	..
Lorillard (P.) Co.	*215½	*150	*239⅞	*144¼	*245	33⅜	36¼	30¼	35¼	3
Mack Trucks	..	..	..	..	170	25½	184⅞	117	184½	6
Magma Copper	..	..	..	..	45⅝	26⅛	44¼	34	41⅛	⅝
Mallinson & Co.	..	..	..	..	45	8	37½	21⅛	27¼	..
Maracaibo Oil Expler.	..	..	..	..	37½	16	35½	25¼	26⅜	..
Marland Oil	..	..	..	..	59⅝	12½	46¼	32⅝	44	3
Maxwell Motors, Class A	..	..	..	..	84½	36	114	74⅝	114	..
Do. Class B	..	..	..	..	39⅝	8	106	33¼	105⅛	..

(Please turn to next page)

New York Stock Exchange

Price Range of Active Stocks

INDUSTRIALS—*Continued*

	Pre-War Period 1909-1913 High	Pre-War Period 1909-1913 Low	War Period 1914-1918 High	War Period 1914-1918 Low	Post-War Period 1919-1924 High	Post-War Period 1919-1924 Low	1925 High	1925 Low	Last Sale May 27	Div'd $ per Share
May Department Stores....	*88	*65	*97½	*35	*174¾	*60	128¾	101	121	5
Mexican Seaboard Oil......	..	..	..	..	34½	5¾	22½	11½	15⅛	..
Miami Copper	30¼	12¾	49¾	16½	32¾	14½	24¾	8	9⅝	1
Montgomery Ward	..	..	..	..	48½	12	55⅝	41	52	..
National Biscuit	*161	*96½	*139	*79⅞	*270	35⅝	75	65	66½	3
National Dairy Prod........	..	..	..	..	44½	30⅛	58⅞	42	57	3
National Enam. & Stamp..	30⅛	9	54½	9	39½	18½	36⅞	25	28	..
National Lead	91	42⅛	74⅝	44	169¼	63½	166⅞	138½	148	8
N. Y. Air Brake..........	98	45	136	55⅞	145¾	26⅝	56½	42⅜	†44⅜	4
Do. Class A	..	..	..	..	57	45⅛	57½	51	52⅞	4
N. Y. Dock	40¼	8	27	9¼	70¾	15¼	31⅛	18	26½	..
North American	*87⅞	*60	*81	*28⅞	*119½	17½	50¾	41⅛	49¾	3.40
Do. Pfd.	..	..	..	..	50¼	31⅞	49½	46⅝	49½	3
Pacific Oil	..	..	..	..	69⅜	27½	65¼	52¼	59	3
Packard Motor Car........	..	..	..	..	21	9⅞	29½	15	27¾	1.20
Pan.-Am. Pet. & Trans....	..	..	70¾	35	140¼	38⅛	83⅞	64	79½	6
Do. Class B	..	..	..	..	111¾	34⅛	84½	63⅜	80¼	6
Philadelphia Co.	59¼	37	48⅞	21⅛	57½	26½	59⅞	51½	57	4
Phila. & Reading C. & I..	..	..	..	..	54¼	34½	52½	37¾	41¼	..
Phillips Petroleum	..	..	..	..	69⅝	16	46¾	36¼	43⅛	2
Pierce-Arrow	..	..	65	25	99	6⅛	22⅜	10⅞	22½	..
Do. Pfd.	..	..	109	88	111	13½	74	43	73¼	..
Pittsburgh Coal	*29⅜	*10	58¾	37½	74⅝	45	54½	37¼	44	..
Postum Cereal	..	..	..	..	134	47	118⅝	93¼	†113	4
Pressed Steel Car..........	56	18½	88¼	17¼	113¾	39	69	52½	†53	..
Do. Pfd.	112	88½	100⅛	69	106	67	92½	81¼	†79	7
Pub. Serv. N. J.	..	..	..	..	70	39	74	62⅝	71¼	5
Pullman Company	200	149	177	106½	151⅜	87¾	151¾	129	140¼	8
Punta Alegre Sugar........	..	..	51	29	120	24¾	47¼	39	40	5
Pure Oil	..	..	143⅞	31⅞	61⅞	16¼	33¾	25⅜	28⅞	1½
Radio. Corp. of Am........	..	..	..	..	66⅞	25⅞	77⅞	48⅜	56	..
Railway Steel Spring......	54½	22¼	78½	19	137½	67	141¾	122½	129	8
Do. Pfd.	113⅜	90⅛	105½	75	121½	92½	120	114¼	†117½	7
Ray Consol. Copper........	27½	7½	37	15	27½	9⅞	17⅜	11⅜	12⅝	..
Replogle Steel	..	..	..	..	93½	7¼	23¼	13⅛	14⅝	..
Republic Iron & Steel.....	49½	15¾	96	18	145	40⅛	64⅜	42⅛	46⅛	..
Do. Pfd.	111¼	64½	112⅝	72	106¾	74	95	86	†87	7
Royal Dutch N. Y..........	..	..	86	56	123⅜	40	57⅞	48¼	51⅝	4.42½
Savage Arms	..	..	119⅜	39⅞	94½	8⅞	108⅜	55½	64⅜	..
Schulte Retail Stores.......	..	..	..	..	129¼	88	116⅞	108	111	§8
Sears, Roebuck & Co.......	124¾	101	233	120	243	54¼	174¼	147½	168½	6
Shell Trans. & Trading....	..	..	..	..	90¼	29⅛	45⅜	39⅞	†39⅝	2.66
Shell Union Oil	..	..	..	..	22½	12⅛	28⅜	22½	25⅛	1.40
Simmons' Company	..	..	..	..	37	22	44⅛	31¼	44¼	2
Simms Petroleum	..	..	..	..	24	6⅛	26¾	19½	24⅜	½
Sinclair Consol. Oil........	..	..	67⅛	25¼	64¼	15	24⅞	17	21¾	..
Skelly Oil	..	..	..	..	35	8⅝	30½	21¾	28⅝	..
Sloss-Sh. Steel & Iron.....	94⅝	23	93¼	19½	89	32⅛	97	80¼	87	6
Standard Oil of Calif......	..	..	..	..	135	47⅛	67¼	56⅝	58⅞	2
Standard Oil N. J.	*448	*322	*800	*355	*212	30⅞	47½	38⅜	43½	1
Do. Pfd.	..	..	..	..	119⅜	100⅛	119	116½	117	7
Stewart-Warner Speed	..	..	*100½	*43	*181	21	77⅞	55	69	5
Stromberg Carburetor	..	..	45¼	21	118¼	22⅛	79¾	61	72	6
Studebaker Company	49⅛	15¾	195	20	151	30½	49	41¼	48½	4
Do. Pfd.	98⅛	64½	119⅛	70	118¼	76	115	112	†115⅜	7
Tennessee Cop. & Chem....	..	..	21	11	17¼	6¼	11¾	7⅝	10⅜	..
Texas Co.	144	74½	243	112	57¾	29	49	42⅜	48½	3
Texas Gulf Sulphur........	..	..	..	..	110	32⅜	113¾	97½	108¼	‡7
Tex. & Pac. Coal & Oil...	..	..	..	..	195	5⅛	23⅜	11½	15⅞	..
Tide Water Oil	..	..	225	165	275	94	152	122	144	4
Timken Roller Bearing.....	..	..	..	..	45	28½	44½	37⅜	41½	‡3
Tobacco Products	145	100	82⅜	25	115	45	82	70	80½	6
Do. Class A	..	..	..	..	93½	76½	99½	93⅛	†98½	7
Transcontinental Oil	..	..	..	..	62⅝	1⅛	5⅞	3⅞	5⅛	..
Union Oil of Calif.........	..	..	..	..	39	35	43⅜	36⅛	38¼	1.80
United Cigar Stores........	..	..	*127⅞	*8⅜	*255	42½	81¼	60¼	69¼	3¼
United Drug	..	..	90⅞	64	175⅛	46¼	127⅝	110⅞	124½	6
Do. 1st Pfd.	..	..	54	46	58⅛	36⅝	55⅛	52	55	3½
United Fruit	208½	126⅛	172	105	224⅞	95¾	231	204⅞	211½	10
United Ry. Investment.....	49	16	27⅛	4¼	41	6	33⅛	18¼	†25	..
Do. Pfd.	77	30	49¼	10½	64⅞	14	78¼	40½	77¾	..
U. S. Cast I. Pipe & F....	32	9¼	31⅞	7¾	169⅝	10½	250	131¼	157½	..
Do. Pfd.	84	40	67½	30	104¼	38	112½	100½	†103	7
U. S. Indus. Alcohol.......	57¼	24	171½	15	167	35¼	94⅝	76	92¼	..
U. S. Realty & Imp........	87	49⅜	63¾	8	143½	17¼	147¾	114½	140¼	8
Do. Pfd.	..	..	..	..	143	97½	142	122¼	†128¾	7
U. S. Rubber	59½	27	80½	44	143¾	22½	47⅜	33½	46⅛	..
Do. 1st Pfd.	123⅛	98	115¼	91	119⅛	66½	100¾	92¾	100	8
U. S. Smelt., Ref. & Min.	59	30⅜	81½	20	78¼	18⅜	39	30	36½	3
U. S. Steel	94⅞	41¼	136⅝	38	121	70¼	129⅝	112⅜	118	5
Do. Pfd.	131	102½	123	102	123½	104	126⅝	122⅛	124½	7
Utah Copper	67½	38	130	48⅛	97½	41⅛	92	82	88½	4
Vanadium Corp.	..	..	..	..	97	19⅛	31¾	25⅝	29	..
Western Union	86¼	56	105⅛	53⅜	121¼	76	135	116¼	†131	7
Westinghouse Air Brake...	141	132½	143	95	124½	76	114	97	104	6
Westinghouse E. & M......	45	24¾	74⅞	32	71⅜	38⅞	84	66¼	73⅝	4
White Eagle Oil	..	..	..	..	34	20	31¾	25⅝	28⅛	2
White Motors	..	..	60	30	86	29¼	76	57⅛	69⅛	4
Willys-Overland	*75	*50	*325	15	40¼	4½	24½	9⅛	22⅛	..
Do. Pfd.	..	..	100	69	98¼	23	111	72¼	107¾	7
Wilson & Co.	..	..	84¼	42	104⅞	4⅛	13⅜	5⅜	5⅞	..
Woolworth (F. W.) Co....	*177⅞	*76½	*151	*81½	*345	72½	129¼	112¼	128⅞	3
Worthington Pump	..	..	69	23½	117	19⅞	79¾	36¾	42½	..
Do. Pfd. A	..	..	100	85⅞	98½	65	88	99	80¾	7
Do. Pfd. B	..	..	78⅜	50	81	53⅛	76½	65	66½	6
Youngstown Sh. & Tube...	..	..	..	..	80	59⅜	76⅛	63	†67	4

* Old stock. † Bid price given where no sales made. ‡ Not including extras. § Payable in stock. ¶ Partly stock.

ANSWERS TO INQUIRIES

(Continued from page 242)

continue satisfactory. At the present time we regard the outlook as quite encouraging. In regard to Simms Petroleum, however, a great deal depends on how successful the company continues to be in development work and the stock is, naturally, more speculative than an issue such as Standard Oil of New Jersey whose interests are world wide, and include practically every branch of the oil industry. If you are not in a position to assume a high degree of risk, we would suggest switching to Standard Oil of New Jersey which company has been showing excellent earnings and has a very promising outlook.

PHILLIPS PETROLEUM

Expansion Program

Is Phillips Petroleum conservative in its expansion? It appears to me that they are continually buying new plants and increasing production withonut the stockholders getting any material benefit. Considering all that is said about Phillips the dividend payments have been meagre. My stock averages me just about current quotations—approximately $45 a share.—P. E., New York City.

The greatest protection that stockholders in an oil producing company can have is a large reserve acreage in proven oil fields as this protects the company against any falling off of production in the future. Phillips Petroleum's management have realized the importance of continually adding to the company's reserve acreage and we believe expansion has been along conservative lines. While it is true that dividends have been relatively small, equities behind the stock have been constantly increasing and this should ultimately mean greater rewards for shareholders. We advise you to retain your stock.

H. H. FRANKLIN MANUFG.

Having a Good Year

What is the outlook for H. H. Franklin Manufacturing Company? Can you tell me how its new models are being received and if the company is confining itself to the air-cooled model; and why the large depreciation reserve?—S. G., Newark, N. J.

H. H. Franklin Manufacturing Co. earnings have made a decided turn for the better this year, the first four months showing a profit of $588,974. This compares with a deficit of $811,434 in 1924. The company still confines its models to the air-cooled type of motor. New designs were brought out in February this year and met with a favorable reception. In the balance sheet, as of December 31st, 1924, there is a depreciation reserve of 3.1 millions which reserve has been set up to take care of depreciation of the company's plants and machinery, carried on the books at 10.1 millions. Considering the position of the Company in the industry and the earnings record, we

consider Dodge Brothers, Inc., 7% pfd. selling 9 points lower, preferable to Franklin preferred, and Studebaker common, returning almost 9% on the investment at present prices, more attractive than Franklin common.

ALLIS-CHALMERS

Outlook for 1925

Please give me your opinion on Allis-Chalmers. I bought it three years ago on your recommendation and have a very handsome market profit as a result. Is it too early to estimate what the company's business this year may be?—E. B., Detroit, Mich.

An official of Allis-Chalmers recently stated that it was premature to forecast what Allis-Chalmers will earn this year but that the company was receiving a fair share of business and, with better crop conditions in the Northwest and the business outlook generally favorable, improvement was expected to develop shortly. As far as we can determine, it appears probable that the company will be able to do about as well as in 1924 when $8 a share was earned on the common stock. Allis-Chalmers is in very strong financial condition and we believe that the present dividend rate of $6 a share on the common stock is reasonably secure. At present levels around 81, the stock appears high enough for the time being but it is not without long pull possibilities of further enhancement in value.

AMERICAN TOBACCO

Dividend Well Protected

Why does American Tobacco yield so much more than its principal competitors? What do you think of the stock? I bought my holdings before the split-up and have a good profit on it. Is the dividend likely to be increased?—K. K., Chicago, Ill.

American Tobacco common stock as you say yields considerably more than such stocks as Liggett & Myers and Reynolds Tobacco. One reason for this is that American Tobacco is paying out a somewhat larger percentage of earnings in dividends than is the case of the other two companies. However, even taking this into consideration, it appears to us that American Tobacco is somewhat out of line with the other issues and entitled to sell at higher prices. Earnings of American Tobacco have shown a consistent increase and there is no reason to question the maintenance of the present dividends, although we do not look for an early increase in the rate.

Our Insurance Department will be pleased to assist you in solving your Insurance Problems

See page 236

FLEISCHMANN COMPANY

Earnings Well Stabilized

Please give me your opinion regarding Fleischmann stock. I have been a stockholder for four years and have noted the gradual increase in the company's business, notwithstanding a loss of $10,000,000 or more from the sale of alcohol and gin. Would you advise me to hold my stock for another year in expectation of getting higher prices?—M. C. E., Boston, Mass.

Although Fleischmann Company sales of alcohol and gin have dropped from 11.3 million dollars in 1917 to less than half a million in 1924, the company has been able to make steady progress through increased sales of yeast which in 1917 totalled 13½ million dollars compared with 37.3 million dollars in 1924. While Fleischmann has an excellent record and we believe that earnings will continue to show up well the stock has already had a very considerable appreciation in value. We view it favorably from the long pull viewpoint, but it is our opinion that there are other stocks which have better immediate prospects. We suggest that you switch into Westinghouse Electric paying $4 per share per annum and selling around 74. In view of the extensive program for the development of electric power in the United States, Westinghouse Electric's outlook is very favorable.

Important Dividend Announcements

Note—To obtain a dividend directly from the company the stockholder must have his stock transferred to his name before the date of the closing of the company's books.

Annual Rate		Amount Declared		Stock Record	Payable
$6	Adams Express	$1.50	Q	6-15	6-30
$0.30	Ahumada Lead	$0.075	Q	6-15	7- 2
..	Ahumada Lead	$0.175	ext.	6-15	7- 2
7%	Amer. Linseed pf.	1¾%	Q	6-20	7- 1
..	Amer. Loco. cm.	$2.50	ext.	6-15	6-30
$8	Amer. Loco. cm.	$2.00	Q	6-15	6-30
$4	Amer. Radiator cm.	$1.00	Q	6-15	6-30
$6	Amer. Railway Exp.	$1.50	Q	6-15	6-30
$2	Armour cl A cm.	$0.50	Q	6-15	7- 1
7%	Armour Co. pf.	1¾%	Q	6-15	7- 1
7%	Armour pf of Del.	1¾%	Q	6-15	7- 1
$2.52	Ass. Dry Goods new	$0.63	Q	7-11	8- 1
..	Atlantic Coastline	$1.00	ext.	6-15	7-10
$7	Atlantic Coastline	$3.50	SA	6-15	7-10
$2.40	Beech-Nut Packing	$0.60	Q	6-25	7-10
$3	Burroughs Add. Mach.	$0.75	Q	6-15	6-30
$7	Calif. Petrol. pf.	$1.75	Q	6-20	7- 1
$4	Calumet & Arizona	$1.00	Q	6-15	6-22
$4	Certain-teed Prod.	$1.00	Q	6-16	7- 1
4%	Colo. South 1st pf.	2%	SA	6-19	6-30
$4	Comm. Solvents A	$1.00	Q	6-19	7- 1
$7	Crucible Steel pf.	$1.75	Q	6-15	6-30
$8	Famous Players cm.	$2.00	Q	6-15	7- 1
$0.80	Fed'l Lt. & T. new	$0.20	Q	6-15	7- 1
$7	Goodrich, B. F., pf.	$1.75	Q	6-16	7- 1
$3	Hudson Motor Car	$0.75	Q	6-15	7- 1
$7	Inland Steel pf.	$1.75	Q	6-15	7- 1
$5	Int'l Harvester cm.	$1.25	Q	6-25	7-15
$7	Jewel Tea pf.	$1.75	Q	6-20	7- 1
$4	Kinney, G. R., cm.	$1.00	Q	6-20	7- 1
$6	Louisville & Nash.	$3.00	SA	7-15	8-10
..	Marland Oil	$0.75	..	6-20	6-30
$3	Nat'l Biscuit cm.	$0.75	Q	6-30	7-15
$3	Nat'l Dairy Prod.	$0.75	Q	6-20	7- 1
$4	N. Y. Air Brake A	$1.00	Q	6-10	7- 1
$3	Owens Bottle cm.	$0.75	Q	6-15	7- 1
$3	Pacific Oil cm.	$1.50	SA	6-15	7-20
$8	Railway Stl. Springs	$2.00	Q	6-17	6-30
4%	Reading Co. 2nd pf.	1%	Q	6-22	7- 9
$5	St. Louis-San Fran.	$1.25	Q	6-15	7- 1
$6	Sloss-Sheffield cm.	$1.50	Q	6-10	6-20
$7	Sloss-Sheffield pf.	$1.75	Q	6-20	7- 1
$6	So. Porto Rico Sug. cm.	$1.50	Q	6-10	7- 1
$8	So. Porto Rico Sug. pf.	$2.00	Q	6-10	7- 1
$3	Underwood Type. cm.	$0.75	Q	6- 6	7- 1
$4	West Penn Co.	$1.00	Q	6-15	6-30
$4	White Motor	$1.00	Q	6-19	6-30

THE TRUTH ABOUT OUR FOREIGN TRADE

(*Continued from page* 203)

mercial information, governmental prestige, improved packing and shipping technique, transport and national renown, to back up the exporter.

"Of even greater importance are the great bases of American trade now supplied by our loans and investments the world around. There are $9,000,000,000 of American private capital abroad. In Latin America alone, $3,000,000,000 of American capital is engaged in productive enterprises. Of equal significance are in the inevitable consequences of our expanding patronage of the products of the new countries. The huge and insatiable American market simply grabs the raw materials of the new countries. Enormous credits are thus built up in the United States for the producers of Asia, Latin America, Africa and Oceania to use in buying American goods. Our purchases of their raw materials are three times as great as before the war. We credit them with more than two billion dollars a year.

"On the score of effective competition alone we can get all the foreign business we want whenever our manufacturers go after it. We still have a discouraging indifference to foreign trade whenever the home market boils up and runs over; that is, many of our people have. Manufacturers' agents in many parts of the world are loath to take on a representation that may be useless whenever the home market will absorb all of the principal's production. If our manufacturers as a whole ever go after foreign trade as steadily and resourcefully as they do after home trade — always adapting their methods to the nature of the game— it will be a sad day for the exporting manufacturers of other countries. When I say that I am following the custom of visualizing foreign trade as having a fixed volume, a big piece of which for one nation means a small piece for another.

"I am happy to say that such is not the fact, and to hope that there will always be room in the world's trade for the meritorious exporters of all nations. We have fallen into a deplorable habit of metaphorizing international trade as a destructive war, without mercy or quarter. We have let the socialists get away with their glib talk about the ruthless battle for markets and their inference that the successful trading nations must be arrogantly imperialistic; their guns conquering the markets their goods cannot cajole. The fact is that in a broad way of speaking there are no limitations to either demand or supply. Production is purchasing power. The more you make the more you can buy and the more you want.

"What a revolution there would be

in world trade if some magic should tomorrow put all the people of the world on the same standard of production consumption as the American people! That is really the goal of American foreign trade. A very large part of our exports make and gratify new desires and wants. In many respects the growth of American foreign trade is merely the exploitation of a new trade zone made by that trade. There is no trade saturation, permanently speaking, anywhere in the world. Our trade on the whole is probably a benefit to our three great competitors, France, Germany and Britain. For every competitive order we take away from them we are apt to create two, more or less internationally non-competitive. Sales of the innumerable American specialties multiply consumptive desires. We can not or do not care to meet some of these new wants. The genius of the competing nations is different from ours; and out of the great crop of demands that will arise where we plant the seed of higher standards there will be abundant portions for all. The clamor of the world for more physical comforts and luxuries is astounding. Latin America, Oceania, Asia and Africa doubled their imports and more between 1910-13 and 1924.

"The answer to the fear that the 'new' countries will develop manufacturing industries of their own and thus cease to be markets is the same. The more they produce, the more they will want and the more they can buy. The moment a native industry meets home requirements there arise demands for something else new and foreign. Trade changes, and expands as a whole even though certain factors may disappear. India might absorb its own market for cotton goods, but consider the enormous demand such a change would make for machinery and various supplies. The old order may change but the new one is ever larger in a world that is learning all the mysteries of economical production. About the only dread any industrial nation may have is that in such a growing, changing world, it will be asleep at the switch. It must be on the qui vive; ready to abandon the old and take on the new. On that score the United States has the least to fear of all the great exporting nations.

"And consider how international trade recoils on itself. The very nations that are our chief manufacturing competitors — Great Britain, Canada, Germany, France, Japan and Italy— buy about two-thirds of our total exports, and the proportion they take even of our export manufactures is amazingly large. Even if they should oust us here and there in some line, it only means in the long run that they will buy more from us at home. Canada, by the way, is hardly to be classed as a competitor; its manufacturing growth is in effect an extension of the American base; a take-off field for easier access to certain markets.

"World trade, in a word, is ours in just about the volume and proportion we will to make it."

THE MOST SUCCESSFUL INVESTOR I EVER KNEW

(Continued from page 231)

materially reduced my losses. Ergo—I really make more, in the end."

A Rule Against Rules

Mr. S—— has one investment theory which I particularly like. He holds that there is nothing so dangerous as set rules.

"I've been investing for thirty years, more or less," he says, "and during that period I dare say every rule or theory of investment ever propounded has been upset at least forty times."

How could it be else? Investment securities are nothing more nor less than the tokens of human activity; and who will revise a rule by which humanity shall be guided, and to which it shall always adhere?

Prefers Costly Issues

Mr. S——, unlike any other investor I ever met, prefers high-priced securities to low-priced ones. His reasons:

"A high price per share frequently reflects a closely-held capitalization; a closely-held capitalization frequently betokens a strong promising company. Stocks which are split-up in order to bring the price per share down are generally split-up in order to permit of wider distribution; and regardless of whether this wider distribution is sought to enable the insiders to unload or simply because the company is in need of cultivating public good will, I think the investment attractions of the issue are lessened."

Witness the kind of "investment company" Mr. —— keeps as a result of his penchant for higher-priced issues:

U. S. Steel
General Electric
F. W. Woolworth
Amer. Telephone & Telegraph
Union Pacific
First National Bank
Hanover National
Continental Insurance

Certainly, the man who confines himself to securities such as these, and who buys them outright, won't have many sleepless nights to pass.

Mr. S—— has many other ideas about investing which have contributed to his success. I cannot elaborate on them all here, but they include:

A preference for the securities of companies which have been in operation for at least fifteen years.

A preference for those about which full information is made available through official reports, at frequent intervals.

An extreme distaste for the speculative favorites of a given period—for example, the U. S. Cast Iron Pipe of recent months.

I do not know how much money, in cold dollars and cents Mr. S—— has

made from his commitments since he started in. On the other hand, I have seen him take some very large profits on individual commitments. One of these exceeded $100,000 on an investment of less than $35,000, and took three years.

Judging by what I had been able to glean, I should say he has averaged about 30% a year on his money since he started in.

The Importance of Keeping Young

Mr. S——, himself, thinks that one of the most important factors in successful investing lies in "keeping yourself young." "It's only youth," he says, "which forsees changes and shifts in the industrial scene; it's only youth which can adjust itself readily to such changes. Ergo—*keep young.*"

Mr. S—— succeeds admirably in this last respect. At sixty-five, he looks and acts about twenty years younger. He has all the balance of maturity, together with the fresh vigor of youth.

"I keep this way by living temperately and, so far as it is made possible for me to do, happily," he says. "I reserve a certain amount of time for my family and my home—which is to say, for the things that really counts; and it is there that I get the fresh air, the exercise, the contacts with youth and the recreation which forestalls old age. Some day, I suppose, the machinery will start wearing down. I hope I know when that time comes. For, if I do, I shall try to remember to quit, realizing that successful investing is merely capitalizing human progress—and you have to be young to recognize progress when you see it."

HOW TO HANDLE YOUR INVENTORY PROBLEMS

(*Continued from page* 219)

have found themselves financially embarrassed, and who have had to gain the co-operation of their banker in liquidating their assets to meet the pressing demands of their creditors.

On the other hand, merchandise, such, we will say, as household utilities: brooms, etc. which are in daily demand, are more readily salable, and can be sold in much shorter time, and most important of all, to considerably more advantage than the less staple articles. It is for this reason that bankers prefer to loan money to companies who have staple inventories.

Another angle from which we may consider the inventory, from the banker's and merchant's point of view, is that of whether or not it is perishable or unperishable.

Not long ago, a well known middle western banker visited the heart of the fruit growing district of Michigan. When he returned he was asked what was the most serious problem now confronting the fruit raisers?

The answer was: Turning over their inventory of fruit, at a profit, before it

was lost to them through depreciation.

To-day, the loss through the depreciation of inventories is little appreciated, owing to the fact that there has only been a limited progress in the science of conservation, the broad margin of profit enabling the manufacturer and merchant to carry the load.

With the existing keen competition in business manifesting itself more and more, comes an interest in eliminating waste through careless operation.

From a banking angle, a highly perishable inventory presents a serious aspect. During the deflation, when cotton dropped from 30c to 10c a pound, large producers held their cotton over, rather than sell out at a loss. The resultant effect was to carry over large quantities, which, when ready for marketing a year later, suffered more than 20% in many cases from depreciation.

Bankers have experienced difficulty in many instances in persuading those dealing in perishable food stuffs, canned goods and imported specialties, to sell out when the season was in, even at a loss, rather than to hold over for a speculative rise in the market. The law of averages has pointed out the wisdom on the part of the bankers in advising such a course of action. And this is especially true in a declining market, where to procrastinate means to take an ever increasing loss.

A most interesting form of inventory, and one which is often not even entered on the financial statement is what might be called a contractual inventory.

Certainly, if a concern has contracted for large quantities of merchandise, even if the same has not been delivered, it must be considered as a contingent liability, inasmuch as the company in ordering same by contract has a responsibility to the manufacturer.

Imagine the consternation of the bankers, during the deflation, when they learned of the commitments of their customers, many of whom had contracted for large quantities of goods, long in advance, when the bottom dropped out of the market.

Were it not for the liberal relations existing in cancellation of many contracts, the consequent failures would have been more than actually resulted.

Concerns which carry small inventories, due to contractual relations with a factory connection, while they have the advantage of not having to worry about any sizable inventory, still have also the disadvantage, if it may be spoken of as such, of not having the monetary value represented by an inventory, in their financial statement to present to the bank.

There have come to my attention numerous companies which have built up a sizable business through satisfactory factory connections, which contract to manufacture, and ship at will, commodities at the order of purchaser. Frequently, such concerns buy their comodities finished, and frequently do not order shipments from the factory until their sales organization has sold the merchandise in advance.

A most significant factor, relative to

the consideration of inventories, is that incident to the sales policy of the company.

Inventory Turnover

If a banker or merchant is considering a risk, and wishes a true picture of the operating conditions, he must study the size of an inventory relative to the turnover. Bankers occasionally find a sufficient inventory on the books to last a company a year, even with a most hopeful outlook of sales operation.

If the terms of sale are, say 60 days, and it is discovered that the inventory is sufficiently large, turning same six times each year, that there will be considerable merchandise left over at the end of the year, then the banker or merchant who would extend credit, had better watch his step!

Investigation reveals to the student of business conditions that merchants are in the habit of loading up in boom times; and over-confidence of their ability to sell out, carry more than is really justified.

When a slump in the market comes, bankers have learned that concerns which have not been through keen competitive periods are apt to slip, and sometimes are forced to liquidate, owing to their inability to unload their goods.

No matter what the size of an inventory, there is always the speculative feature, incident to a spotted market, the inevitable operation of the law of supply and demand.

One morning I walked into the office of one of the largest lumber companies in the middle west. "How is business?" I asked. "Fine," came the reply, "we are $100,000 to the good in the last three weeks." "How is that?" I inquired. "Well," he continued, "lumber prices are now on the upgrade, and with thousands of feet on hand, we have a paper profit amounting to $100,000."

Hedging Operations

A large middle western seed company, to avoid the speculative feature of carrying large quantities of merchandise, adopted a policy of hedging on the market, to protect its commitments.

The advantage of buying in the open market to cover commitments which must be necessarily made months in advance, is to eliminate heavy losses due to spotted markets, and a possible slump. Indeed, in some lines of business, to do otherwise than to hedge, under present conditions of readjustment would be to hold ones self open to possible heavy losses.

While protection through hedging is deemed wise by the bankers, and is being encouraged as a sane method of handling commitments arranged for, long in advance, of course it prevents at the same time, the merchant from taking advantage of a rising market; but a consistent profit, protected by the hedging operation works out more to the advantage of the concern that pursues it, in the long run, and makes of it a better risk by the elimination of the element of speculation.

UNLISTED UTILITY BOND INDEX

(IN ORDER OF PREFERENCE)

POWER COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Indiana Power Co. 7½s, 1941	B..	104	106	6.85
Nevada-California Electric 1st 6s, 1946	B..	99½	100	6.00
Tennessee Power Co. 1st 5s, 1962	A..	92⅝	93⅝	5.40
Alabama Power Co. 1st Ln. & Ref. 6s, 1951	A..	104	104½	5.65
Appalachian Power Co. 1st 5s, 1941	A..	99	100	5.00
New Jersey Power & Light 1st 5s, 1936	B..	94¾	96	5.50
Illinois Power & Light 1st & Ref. 6s, 1953	B..	102½	103½	5.75
Appalachian Power Co. 7s, 1936 (Non-Callable)	B..	105½	107½	6.00
Binghamton Lt., Heat & Power 1st Ref. 5s, 1946	B..	97¼	98	5.10
Idaho Power Co. 5s, 1947	A..	97¼	98	5.10
Texas Power & Light Co. 1st 5s, 1937	B..	98⅞	99⅜	5.20
Central Indian Power 1st Col. & Ref. 6s, 1947	C..	98	99	6.10
Central Ga. Power Co. 1st 5s, 1938	B..	95½	96½	5.25
Kansas Electric Power 1st Series A, 6s, 1937	B..	99¾	100½	5.95
Consumers El. Lt. & Pwr. New Orleans, 1st 5s, 1936	B..	95½	96½	5.45
Niagara Falls Power 1st & Cons. Mtge. 6s, 1950	A..	106½	107½	5.45
Washington Coast Utilities 1st Mtge. 6s, 1941	B..	100½	102	5.80
Ohio Power Co. 1st Ref. 7s, 1951	A..	106¼	107¼	6.45
Great Western Power Co. 5s, 1946	A..	98¼	99	5.05
North Carolina Public Service 1st 5s, 1934	B..	91¾	92¼	6.10
Public Service Corp. of N. J. 6s, 1944	B..	100¼	101	5.90
Parr Shoals Power Co. 1st 5s, 1952	B..	95	96½	5.15
Yadkin River Power 1st Mtge. 5s, 1941	A..	98¼	99¼	5.05
Mississippi River Power 1st 5s, 1951	A..	98½	99½	5.00
Nebraska Power Corp. 1st 5s, 1949	A..	98	98¾	5.05

GAS AND ELECTRIC COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Wilmington Gas Co. 5s, 1949	B..	91	93	5.60
Cons. Cities Light, Power & Traction 1st 5s, 1962	B..	79¼	80¼	6.40
Seattle Lighting Co. Ref. 5s, 1949	B..	87½	89½	5.80
Burlington Gas & Light 1st 5s, 1955	B..	93	94	5.40
Twin State Gas & Electric Ref. 5s, 1953	B..	88½	90	5.65
United Light & Railways 6s, 1952	B..	98⅛	99½	6.05
Tri-City Railway & Light 5s, 1930	B..	98	99	5.20
Dallas Power & Light 6s, 1949	A..	103	105	5.60
Oklahoma Gas & Electric 1st & Ref. 7½s, 1941	B..	107½	...	...
United Light & Railway 5s, 1932	B..	96⅝	97⅜	5.60
Pacific Gas & Electric 1st & Ref. 5½s, 1952	A..	101	101¾	5.35
Rochester Gas & Electric 7s, Series B, 1946	B..	110	111	6.10
New York & Richmond Gas 1st Ref. 6s, 1951	C..	99⅜	100	6.00
Portland Gas & Coke 1st 5s, 1940	B..	96½	98	5.20
Indianapolis Gas Co. 1st 5s, 1952	B..	96¾	98	5.10

TRACTION COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Galveston-Houston Electric Railway 1st 5s, 1954	B..	86	88	5.85
Minn. Street Ry. & St. Paul City Ry., Jnt. 5s, 1928	B..	97	98	5.70
Northern Ohio Traction & Light 6s, 1926	B..	98½	99½	6.20
Knoxville Railway & Light 5s, 1946	C..	90½	91½	5.70
Columbus Street Railway 1st 5s, 1932	B..	94	95½	5.80
Kentucky Traction & Terminal 5s, 1951	C..	78	79½	6.70
Nashville Railway & Light 5s, 1953	B..	95	97	5.20
Memphis Street Railway 5s, 1945	C..	76	77	7.20
Schenectady Railway Co. 1st 5s, 1946	C..	63	...	...

HOLDING COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
American Power & Light 6s, Series A, 2016	B..	95⅝	96	6.25
Standard Gas & Electric Co. 6s, 1935	C..	98	99	6.15
Virginia Power Co. 1st 5s, 1942	B..	93½	94½	5.50
General Gas & Electric s. f. 7s, 1952	B..	103½	105	6.55
American Gas & Electric 6s, 2014	B..	97¾	98½	6.10
Middle West Utilities 6s, 1940	A..	108¼	108¾	7.05
Jersey Central Power & Light 1st 6½s, 1948	B..	109	110	5.70
Southwestern Power & Light 1st Mtge. 5s, 1943	B..	95¾	96¾	5.30
Central Power & Lt. 1st Pr. Ln. 6s, 1946	B..	100¼	101¼	5.90

TELEPHONE AND TELEGRAPH COMPANIES

	Investment Grade	Bid Price	Asked Price	*Yield
Pacific Tel. & Tel. 5s, 1952	A..	96¾	96⅞	5.25
Southern California Telephone 1st & Ref. 5s, 1947	A..	97	98	5.10
Home Tel. & Tel. Co. of Spokane 1st 5s, 1936	A..	97¾	98¾	5.15
Chesapeake & Potomac Tel. Co. (Va.) 1st 5s, 1943	A..	98¾	99½	5.05
Houston Home Telephone 1st 5s, 1935	A..	99	100	5.00
Ohio State Telephone Co. Ref. 5s, 1944	A..	99	100	5.00
Western Tel. & Tel. Collateral Trust 5s, 1932	A..	99⅛	100	5.00

* Yield computed at the asked price.

CLOSE UP OF MERGER FIGHT WAGED BY LEADING EASTERN ROADS

(*Continued from page 211*)

Central and Pere Marquette. With New York Central, Baltimore & Ohio and Pennsylvania it assumes a one-fourth interest in a group of small roads serving the Pittsburgh district and not yet allocated to the trunk lines. With New York Central, Baltimore & Ohio, Pennsylvania and Nickel Plate, the Loree line seeks a one-fifth interest in the group made up of Reading; Jersey Central; Lehigh & New England and Lehigh & Hudson.

The Loree plan, by the way, has never been officially recognized by its creator, Mr. Loree having steadfastly refused to make any comment regarding his hopes and his activities. The word has gone around in Wall Street that Mr. Loree has been before the commission informally and has laid before that body his detailed scheme. No word has ever come from the commission acknowledging the receipt of this most important document.

The net result of Mr. Loree's attitude has been to attract a greater amount of interest than would perhaps have been accorded his scheme had he made it public as did the other trunk line officials their particular dreams of empire. When the first inkling of his activity was noised about the tendency was not to take this executive too seriously. The fact that he had become active in the Southwest through his acquisition of Missouri-Kansas-Texas for his Kansas City Southern property was taken by some as an indication that he had seen the handwriting on the wall and had decided to pull up stakes in the East and concentrate on the upbuilding of a southwestern merger.

This idea has been pretty well dispelled during recent weeks and now the Delaware & Hudson veteran is regarded as a sort of "masked marvel" to whom all moves in the railroad field which smack of acquisition of control of a property are credited until otherwise proven.

Who the Bankers Are

The bankers with whom the various trunk line roads are connected are very active in a quiet way these days. J. P. Morgan & Co. and the First National Bank are natural allies of the New York Central and the Nickel Plate. On the other hand, Kuhn, Loeb & Co. are lined up with Pennsylvania, Baltimore & Ohio and the Loree line. While all talk of rivalry originates outside of these two banking groups, signs are not wanting that the rivalry is there and that it is keen. Bankers who, because of their affiliations with one of these two great rivals, are unwilling to discuss details concerning the activities of their roads are always eager to

hear and discuss plans and the reports of plans of the "other side."

Just what the present apparent deadlock will develop is a matter which time alone can tell. The saying, "We'll all be a lot older before consolidations are an accomplished fact," is often heard these days. The commission, in handing down its tentative plan for the regrouping of the country's carriers, was acting along the following general lines: to create systems of the same apparent size and earning power in the territories served by them, and to set up consolidated lines which would not disturb existing channels of trade.

One interested party in the general situation has had little or nothing to say since the preliminary stages of the hearings on the commission's plan were passed. This is the vast shipping public whose interest in the combination of railroad mileage in a certain territory is a very vital thing. Many an angle which may arise will call for a determined stand on the part of certain business interests which see themselves as injured parties. The public pays the freight, to be sure, and because of this the public will go armed to the teeth to any parley which it deems to be unfriendly to its well-being.

Much is heard and read these days about the popularity of railroad consolidations. Certain it is that this popularity does not arise from the view held by the executive of a right, tight little railroad property who sees in his mind's eye a large road coming along and gobbling up his line. The sentiment engendered by the consolidation bug has as its most enthusiastic subscriber the investor, even the speculator, in railroad securities.

We are perhaps too close to the present struggle to see it in proper perspective, but in writing railroad history the game which is now being played out here will occupy its place as an important chapter in transportation lore.

GREAT NORTHERN IRON ORE

(Continued from page 241)

over disbursements was $928,564 which sum is carried as part of Great Northern Iron Ore's working capital.

Earnings of the Trust, that is, Great Northern Ore, comprise the disbursements received from the proprietary companies, as outlined above, together with interest, rents and sales of property. Last year, such earnings amounted to 6.09 million dollars from which there was a deduction of $95,000 for expenses leaving net profits of approximately 6 millions, equivalent to $3.99 a share for the 1.5 million shares of beneficial interest. After payment of the $4 dividend, there was a deficit of $2,966 for the year.

Comparison of the report for Great Northern Ore with that of the proprietary companies would seem to in-

dicate, however, that actual earnings from this source were only 2.5 millions, or only $1.60 a share, compared with $2.25 a share on the same basis in 1923.

It appears from this showing, therefore, that a good part of the dividends paid to shareholders are in the nature of funds realized from the sale of capital assets. This conclusion is strongly supported by statements of the Trustees themselves to the certificate holders, in connection with their analysis of dividend payments for income tax purposes.

Last year, for example, the certificate owners were notified that approximately 83 per cent of the dividend paid might be treated as a distribution out of capital (ore depletion and land sales), while but 17 per cent represented payment out of actual earnings. The amounts so classified as taxable income and, hence disbursed out of profits, has varied considerably in past years. It is apparent, however, that Great Northern Ore must be regarded largely as a liquidating proposition.

Dividend payments in recent years have absorbed practically all of the income and in some cases have exceeded it. The effect of this policy is reflected in the working capital position of the Trust. Thus, current assets were 7.22 millions in excess of current liabilities at the close of 1918, while in 1923 the working capital item had dropped to 2.93 millions. Last year there was a further loss, bringing this figure down to 1.12 millions.

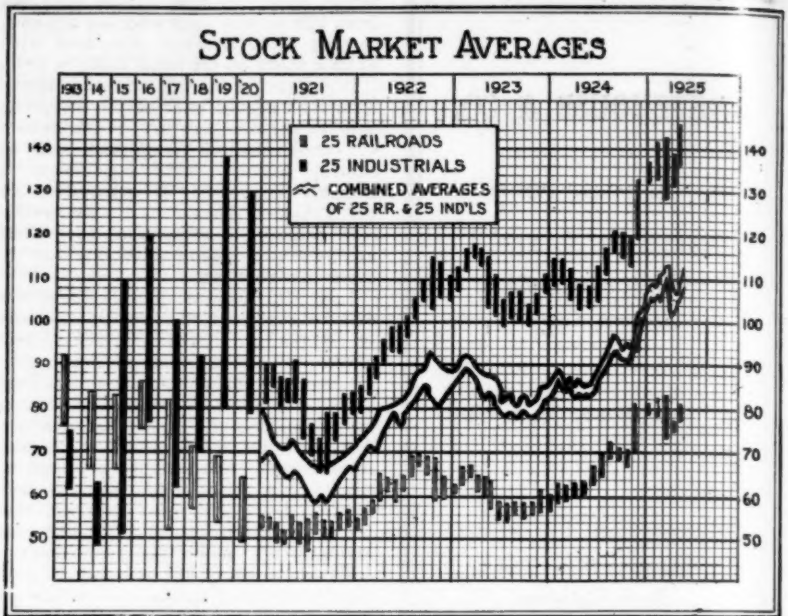
Though there is no data available with respect to the present day ore reserves of Trust, it is evident that the Trustees must eventually reach a point where they must depend principally upon the yearly earnings of the mining properties for income. Obviously, therefore, Great Northern Iron Ore shares cannot be considered a safe long pull holding unless the shareholder is prepared to write off part of his dividends to reduce the cost of his stock.

The speculative nature of the issue is amply proven by the irregular record of dividend payments and varied market movements. Its sole attractiveness lies in the possibilities of limited price swings, based upon fluctuations in the steel industry. While the Trust will probably continue to realize fair revenues from royalties and the sale of additional assets from time to time, the shares do not appear attractive at present. *Around prevailing levels of 29, the yield is 6.9 per cent which is not great enough to justify the risks involved in holding a stock of this character, particularly in view of the present status of the iron industry.*

For Feature Articles

to Appear in the Next Issue

See Page 195



MARKET STATISTICS

	N.Y.Times 40 Bonds	Dow, Jones Avgs. 20 Indus.	Dow, Jones Avgs. 20 Rails	N.Y.Times 50 Stock High	N.Y.Times 50 Stock Low	Sales
Thursday, May 14..	84.34	124.16	96.85	109.50	108.34	1,227,702
Friday, May 15....	84.47	126.00	97.20	109.76	108.56	1,293,516
Saturday, May 16..	84.50	126.50	97.25	110.73	109.62	639,376
Monday, May 18...	84.52	127.09	97.50	110.91	109.77	1,388,652
Tuesday, May 19...	84.58	128.38	97.93	111.81	110.48	1,700,057
Wednesday, May 20	84.75	128.68	98.03	112.69	111.12	2,126,792
Thursday, May 21..	84.75	128.70	98.27	112.69	111.32	1,996,692
Friday, May 22....	84.93	128.95	99.05	112.91	111.72	1,871,828
Saturday, May 23..	85.10	128.85	99.01	112.84	112.05	920,740
Monday, May 25...	85.00	127.78	99.15	112.80	111.48	1,637,037
Tuesday, May 26...	84.93	128.43	98.83	112.08	110.94	1,474,412
Wednesday, May 27.	84.86	129.13	99.53	112.33	111.39	1,500,951

BUYING AN INCOME OF $500 A MONTH

(*Continued from page 236*)

many others operating in this country and issuing annuity contracts. If you are interested in any particular company and desire me to obtain rates or literature, I should be pleased to be of service in that particular.

FOR A MARRIED MAN AT 32—

What Insurance Should He Take and Should He Re-Instate His "War Risk"?

Your unbiased analyses of insurance problems have given great satisfaction to me and, I am sure, to many others as well.

I contemplate adding some insurance to my present holdings, and I would appreciate your advice as to what it should be.

I have $5,000 with Metropolitan—a professional man's policy—costing about $92 per year. I have an accident policy with "Preferred," with double indemnity features.

I am 32 years old, married and have one son 3 years old. Am a traveling salesman in a local territory.

I have just received my U. S. Government "Bonus" for $1,600, maturing in 1945. This I plan to use as a means of paying my boy's college expenses, at least in part.

I dropped my War Risk Insurance immediately after being discharged from the army in 1919. I was married in 1920. Should I resume my Government insurance? Should I carry more straight insurance, or should it be on the endowment form? Should I carry Health Insurance? We have our own home and I have a good means of investing my savings where I am employed.

I am anxious to lay out a plan of insurance and follow it, although I do not wish to tie up the larger part of my current savings in heavy endowment premiums. Is there any percentage of one's salary considered as the portion which should be used for insurance alone?—J. H. P., Mechanicsburg, Pa.

We appreciate your courteous commendation of the service rendered by the Insurance Department.

You are apparently insured with the Metropolitan Life under their $5000 Special policy—an excellent coverage. If you still have the privilege of reinstating your War Risk insurance, you should certainly do so. We have advised others that they place their War Risk insurance on the Ordinary Life form, since the Disability Benefit under Government insurance is operative throughout the life of the insured. Thus, if you were at any time totally and permanently incapacitated—if only because of the infirmities of old age—the Disability Benefit under the Government policy would become operative. The private companies can only offer this benefit up to age 60 or 65, since total disability is so apt to occur at the

older ages. Of course, the wider Disability Benefit is offered under the War Risk coverage as a form of pension to ex-service men.

You do not state the amount of your annual income, nor the estate you are building up through channels other than life insurance—savings bank account, bonds, etc. You should increase your life insurance coverage as your income permits—carrying additional protection on one of the Limited Payment forms—25 Payment or 30 Payment Life. Health insurance is also good coverage for the wage earner.

As a married man needing family protection primarily, only long term endowments—maturing, say, at age 65 —should be considered by you, since the premium rates on the shorter term Endowments are higher and the family protection is less extended than on the whole life and limited payment forms.

Opinions vary as to the percentage of one's income which should be applied toward Life Insurance premiums. A good plan, however, is to divert 10% of the annual income to life insurance premiums and 10% to other channels of conservative investment and saving.

ARE YOUR DOLLARS LOAFING ON THE JOB?

(*Continued from page 235*)

ties through investment in speculative securities have no lure for me. I am strongly inclined to the conviction that the average investor with limited income and investment funds had better be satisfied with safety first and moderate returns next. The two may well go together as previously pointed out. The few extra dollars which might be earned in highly speculative issues will never compensate for the hours of anxiety that accompany such investments. They are too risky for the small investor.

To my mind one of the great tasks which lies ahead of America's financial journals is educational to a greater extent than ever before. As population increases our national income—unless it increase proportionately with population—is likely to be spread out into a greater number of homes where moderate incomes form the rule. Next to income is contentment for establishing human happiness. How to increase contentment through the increase of income is the function of safe and sound investments; and I know of no financial journal better qualified to perform this task, or is now doing it more effectively, than THE MAGAZINE OF WALL STREET. It is for this reason that I not only like to read its pages, but to pass the issues on to others who need its educational services along the lines of safe and sound investments.

For Feature articles to appear in the next issue

See Page 195

Over-the-Counter

IMPORTANT ISSUES

Quotations as of Recent Date*

Aeolian Co. pfd. (7)	80	— 90
Aeolian Weber	20	— 24
Aeolian Weber pfd. (7)	94	— 97
Allied Packers	5	— 6½
Sr. Pfd	14	— 18
Pr. Pfd.	50	— 55
Alpha Port. Cement (6)	108	—112
American Arch (5P)	121	—123
American Book Co. (7)	120	—140
Amer. Cyanamid (4P)	123	—128
Pfd. (6)	82	— 85
Amer. Thread pf. (5%)	3¾	— 4
Atlas Port. Cement (4)		
New	46	— 47
Babcock & Wilcox (7)	135	—138
Barnhart Bros. & Spindler:		
1st Pfd. (7) G	102	—105
2nd Pfd. (7) G	95	— ..
Borden Co. (4) ....New	72	— 74
Pfd. (6)	106	— ..
Bucyrus Co. (5)	155	—165
Pfd. (7)	104	—109
Celluloid Co.	28	— 32
Pfd. (8)	83	— 86
Congoleum Co. pfd. (7)	102	—103½
Crocker Wheeler	22	— 25
Pfd. (7)	75	— 80
Eisemann Mag. pfd. (7)	47	— ..
Franklin Rwy. S.	91	— 95
Gen. Optical pfd. (3½)	30	— 35
General Rwy. Sig. (6)	131	—133
Gen. Rwy. pfd. (6)	87	— 90
Gen. Rwy. 6½s	131½	—133½
Hale & Kilburn pfd.	14	— 16
Ide (Geo. P.) & Co., Inc.	6	— 8
Pfd. (8)	60	— 65
Jos. Dixon Crucible (8)	144	—147
Johns-Manville, Inc. (3)	139	—142
Knox Hat	40	— 45
2nd Pfd.	55	— 60
Pr. Pfd. (7)	88	— 93
Lehigh Port. Cement (3)	75	— 78
McCall Corp'n	93	— 97
Pfd. (7B)	122	— ..
Nat'l Fuel Gas (6)	110	—115
New Jersey Zinc (8P)	184	—187
Niles-Bement-Pond	19	— 21
Pfd.	45	— 55
Phelps-Dodge Corp'n (4)	100	—105
Pierce, Butler & Pierce		
(8)	105	— ..
Pfd. (8)	98	—102
Poole Eng'g (Maryland):		
Class A	15	— 18
Class B	13	— 17
Richmond Radiator Co.	20	— 30
Pfd. (7)	100	—110
Royal Bak'g Powder (8)	143	—147
Pfd. (6)	101	—103
Safety Car H. & L. (8)	112	—115
Savannah Sugar (6)	97	—100
Pfd. (7)	97	—100
Sheffield Farms (6)	150	— ..
Pfd. (6)	99	—101
Singer Mfg. Co. (10)	245	—250
Singer, Ltd. (England)	4¼	— 4¾
Superheater Co. (K)	135	—138
Technicolor, Inc.	5½	— 6¼
Thompson-Starrett (6)	90	— ..
Victor Talk'g Mach. (8)	72	— 75
White Rock (1.20P)	38	— 39
2nd Pfd. (6P)	140	—180
1st Pfd. (7)	100	—106
Yale & Towne (4P)	64	— 65

*Dividend rates in dollars per share designated in parentheses.

B—Arrears being discharged at rate of 7% annually in addition to regular dividend rate.

G—Guaranteed as to principal and dividend by Amer. Type Founders.

K—Dividend rate on this stock not established.

P—Plus Extras.

STOCKS in this department continued to move in close harmony with the trend of listed issues. Shares recently discussed in these columns were again in the forefront. Demand for railway equipments was active at rising prices. Superheater and American Arch were among the strong spots.

Victor Talking Machine was an outstanding exception to the general trend. After recovering a good part of previous losses, this stock again developed weakness and seemed to encounter poor support on the decline. Victor's rally was evidently due to hopes built upon expectations of improvement in the company's affairs which were to have come from its entry into the radio field. Sober second thought would indicate, however, that the company must face a period of costly readjustment to the conditions now confronting it. Moreover, even though the reported alliance with the leading radio distributor should eventually lead to better things, the summer dull season is not conducive to active sales of radio and competition in the industry is exceedingly keen. These conditions seem likely to be reflected in earnings.

Alpha Portland Cement, a new addition to the list, is one of the leading Portland cement manufacturers. The company owns seven plants in five states and leases two additional properties in Pennsylvania. There is no funded debt ahead of the 2.0 millions 7% preferred and 15.8 millions common stocks, both of $100 par value. Gross earnings have almost doubled in the past four years, rising from 10.7 million dollars in 1921 to 20.2 millions last year. At the same time net profits per share of common increased from $3.37 to $18.28 in 1923 and $18.65 last year. Financial position is exceptionally strong. As of December 31, 1924, Alpha reported current assets of 8.92 million dollars against approximately 827,000 dollars of current liabilities. More than 50% of working capital was cash. Dividends at the rate of 2% on

the common stock were paid in 1916, increasing gradually to the present 6% disbursement which was inaugurated in 1923. The common shares would appear to have possibilities based upon the company's ability to pay a more generous dividend.

Savannah Sugar Refining Corp. publishes no information with respect to earnings but its balance sheets for the past two years indicate that the company has been doing very well in spite of erratic fluctuations in sugar prices. After dividend payments of $405,863 and liberal charges for depreciation and other reserves, the company increased its profit and loss surplus to $711,718 at the close of 1924 compared with $698,489 at the end of 1923. Working capital amounted to 1.97 million dollars of which 1.03 was cash. Plants, real estate, etc., are carried at 3.75 millions against which there is a reserve of nearly 1.1 millions for depreciation, indicating a net value of 2.65 millions for properties which are understood to have a replacement value greatly in excess of this figure. The company is favored by low operating costs and serves a large territory in the southeast. The prospect for low raw sugar prices and a satisfactory market for refined suggests that satisfactory earnings should continue. The preferred stock, at prevailing levels, yields about 7%, a fairly attractive return. It is convertible into common at the rate of one share of preferred for 4/5 of a share of common. Both issues have advanced steadily during the past few months.

Technicolor, Inc. has shown renewed signs of speculative activity. It is reported that the company has signed a contract with the Douglas Fairbanks interests for 3 million feet of all-color film and that four other motion picture producers have likewise negotiated with the company. The shares have recently recovered from low levels around $3.

GENERAL RAILWAY SIGNAL

The securities of this company were introduced to this department in a previous issue. They will be analyzed in more detail in the next edition but meanwhile should be of interest to followers of over-the-counter securities. General Railway Signal is one of the most important factors in the manufacture of switching equipment, automatic block signals and other railway safety devices. Earnings in 1923 were equivalent to $15.55 a share for the common stock, increasing to $16.47 a share last year. Further improvement was shown in the quarter ended March 31, 1925, when net profits amounted to $4.35 a share.

The company seems in a position to benefit materially from recent developments in connection with automatic train control and the car retarder system to which it recently acquired exclusive license. The preferred stock is entitled to consideration as a sound investment. The common is now paying dividends at the rate of $1.50 quarterly but appears to be in line for extras from time to time.

Important Corporation Meetings

Company	Specification	Date of Meeting
American Brake Shoe & Fy.	Pfd. & Com. Divs.	6-9
American Chain Co.	Directors	6-9
Electric Storage Battery.	Pfd. & Com. Divs.	6-9
Famous Players-Lasky Corp.	Pfd. Div.	6-9
National Biscuit Co.	Pfd. & Com. Divs.	6-9
Pan American Petroleum	Annual	6-9
Western Union Telegraph	Dividend	6-9
Air Reduction Co.	Dividend	6-10
Amer. Tel. & Tel.	Directors	6-10
Macy (R. H.)	Pfd. Div.	6-10
N. Y. Central	Dividend	6-10
Pan American Petroleum	Annual	6-10
Shell Union Oil	Com. Div.	6-10
Westinghouse E. & M.	Annual	6-10
Amer. La France Fire Eng.	Pfd. & Com. Divs.	6-11
Simmons Company	Directors	6-11
Westinghouse Air Brake	Dividend	6-12
Barnet Leather	Dividend	6-15
Brooklyn-Manhattan Transit	Pfd. Div.	6-15
Erie R. R.	Postponed Annual	6-15
Kelly-Springfield Tire	Directors	6-15
American Surety Co.	Annual	6-16
Crucible Steel Co.	Directors	6-16
Int'l Nickel Co.	Annual	6-16
Kansas City Southern Ry.	Pfd. Div.	6-16
Austin Nichols & Co.	Pfd. Div.	6-17
Otis Elevator	Pfd. & Com. Div.	6-17
United Alloy Steel	Pfd. & Com. Div.	6-17
Adams Express Co.	Dividend	6-18
All American Cables	Dividend	6-18
American Smelting & Ref.	Directors	6-18
Jones Bros. Tea	Directors	6-18
Louisville & Nash.	Directors	6-18
Tobacco Products Corp.	Directors	6-18
U. S. Industrial Alcohol	Pfd. Div.	6-18
Bayuk Cigars	1st Pfd. & 2d Pfd. Divs.	6-19
Int'l Cement	Annual	6-19

TRADE TENDENCIES

(Continued from page 248)

around 70% of capacity. The leading interest, as usual, is running at a higher rate, at approximately 75%.

A feature of the situation is the prospect for a more vigorous demand for railroad rolling stock. Structural steel for building purposes was in strong demand during April when bookings ran up to the largest monthly total since last December. Sheet makers are experiencing difficulty in their efforts to hold prices in line, probably due to the prospect for a falling off in automobile demand over the summer months.

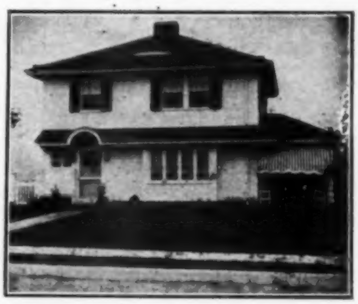
A revival in steel at this time is to be considered unusual since the industry is now facing the summer months, an ordinarily dull period. It is problematical, therefore, that the indications of current recovery presage more than a moderate gain. Certainly it would seem inadvisable for producers to speed output too greatly in view of the fact that they have just begun to recover from previous over-production.

TEXTILES

Silk Industry Leads

There has been little change in the outlook for textiles. The conditions making for unsatisfactory business in

Real Estate Information



Believing that a great many of our readers are interested in New York City and Suburban homes, we have installed this department for their convenience. The booklets and information listed below have been prepared by firms of the highest standing, and we ask you to take full advantage of this service. No charge whatsoever. Check those wanted, and mail to Real Estate Dept.

- ☐ **Cooperative Apartment Ownership** At Jackson Heights
- ☐ **Attractive Homes in Long Island and Westchester County**
- ☐ **Properties and Homes in Bronxville and Westchester County**
- ☐ **Cooperative Apartment Ownership in New York City** Fifth Ave. & Park Ave.
- ☐ **Homes and Properties in Rye Ridge, Westchester County**
- ☐ **Cooperative Ownership**
- ☐ **PARK HILL** Dominating Yonkers, and the North end of New York.
- ☐ **COOPERATIVELY OWNED & OPERATED APARTMENTS** Fifth Avenue, overlooking Central P'k.

....

REAL ESTATE DEPARTMENT,
MAGAZINE OF WALL STREET: 42 B'way, N. Y. City

Please send me, without charge or obligation, the booklets checked above.

Name.. Address..

cotton and woolen goods centers are still extant. Among these are the excess of producing capacity, changes in fashion which have cut into the consumption of cloth, high raw material costs, and inability to advance selling prices in keeping with sound practice. Finally, it may be suspected that the surprising popularity of silks is partly traceable to the decline in demand for cottons. The public feels that, with prices of cotton goods where they are, silks are to be preferred.

Inasmuch as most of the conditions enumerated are factors likely to have a long time influence upon the textile industry, prospects for a marked improvement are not promising. However, the recent recovery in raw cotton has led to some revival of interest in distributive channels. On the other hand, production continues to be curtailed. Among woolen buyers, the feeling that prices will be cut is a restraining factor.

As already inferred, silk is the outstanding exception to these conditions. Demand is heavy and production continues to hold at record-breaking levels. In the Paterson district, manufacturers have acquiesed to the demand for higher wages rather than precipitate a strike while business is so good.

LEATHER

Conditions Quiet

There is so little doing in the leather trade, relatively speaking, that it is necessary to look principally to the statistical position for guidance as to the outlook. Buyers are adhering to monotonous hand-to-mouth practices and there seems little likelihood that they will relinquish them for the next several weeks. The effect of this situation, however, is to lend stability to prices inasmuch as buyers refuse to bid prices up against each other and sellers have little opportunity to raise them in a dull market.

Nevertheless, tanners are in a fairly favorable position since stocks of leather are no longer burdensome and operations are curtailed to the point where there is no prospect of inventories expanding unduly. The leather makers are, naturally, buying raw materials closely which accounts for the lack of firmness in hides.

Stocks of sole leather are approximately 30% lower than a year ago and down to the smallest total since the close of the World War. Similar reductions have occurred in upper leather, while calf skins show a decrease of about 10% compared with last year.

The shoe industry is fairly active. Sales during the first quarter exceeded those for the corresponding period in 1924. Orders are running to small lots but the aggregate volume is such that producers are able to keep their plants in fairly steady operation in contrast with the irregularity experienced last year.

WHAT THE NEWS MEANS

(*Continued from page 229*)

the old 300,000 share capitalization or $7.50 on the present 600,000 share capitalization. This is the best showing since 1921. The company owes no money and has a reserve set aside covering the present $6 dividend for three years.

* * *

Strength in Packard Motors—

—is regarded as a forecast of an extra dividend disbursement this year. After the company's $9,500,000 7% preferred stock is retired, it would not surprise many to see an extra declared of 50c or perhaps $1.00 per share. Packard's larger earnings, reported to be running at the rate of $1,000,000 a month at present, are the result of the company's entrance last year into the quantity field.

* * *

Interborough's Dilemma—

—consists of being between the deep sea of the Transit Commission on one side and the devil in the shape of a receiver on the other. The politicians demand a five cent fare and the Commission demand that millions be spent for improvements. And the company cannot earn those millions on a five cent fare. New Yorkers can have the five cent fare as long as they are content with five cent service.

* * *

Standard of Indiana—

—undoubtedly suffers from the fact that the issue is not listed on the Stock Exchange. Although conditions affecting the company have materially improved, the issue is selling only about ten points above its low for the year. No good reason is apparent why the stock should continue to make its home on the Curb Market. The issue is widely distributed and should enjoy the advantages of a larger market.

FIFTY YEARS AGO IN WALL STREET

(*Continued from page 207*)

ning calculator, conducted his operations. It was said that Morse could total four columns of figures in the time that an accountant took to total one. Membership on the New York Stock Exchange, including initiation fee, cost about $500.

Today a seat on the Exchange costs approximately $100,000. On the "Big Board" are listed 1,172 issues of domestic bonds and 161 foreign bonds, making a grand total of 1,333 issues. These bonds have a total par value of

$35,445,534,672 and a total market value of $33,599,231,396.

There are 905 domestic stocks listed on the Stock Exchange and 21 foreign stocks. The grand total of 926 stock issues is represented by 433,293,513 shares with a market value of approximately $27,069,975,482 as of January 1, 1925. The aggregate market value of listed stocks and bonds is nearly 61 billion dollars.

The present day stock market is rather a collection of markets than a single market. It is so big that no one man or group of men can direct its trend. One day in which the upward movement of a certain group of securities will be pronounced, will be marked by a downward movement in another group of securities.

From a small group of individuals dealing in a few securities, principally rails, the stock market has broadened in fifty years into a world mart where almost every known type of security is bought and sold. Nor can it be said that the developments of the next fifty years promise to be any less striking than the great developments of the last half century.

INTIMATE TALKS WITH INVESTORS

1. AVOIDING FRAUDULENT SECURITIES

IT was interesting to see an estimate by a high stock exchange official that the public is cheated out of a billion dollars annually by fraudulent securities and to note its avowed attempt to "stamp this sort of thing out." Firstly, what is a *fraudulent* security? Secondly, who really knows the extent of loss suffered Thirdly, the worst obstacle is the loser himself, and largely *herself*: the ladies constitute a growing element yearly. The writer, using a fairly safe set of figures representative accounts (an excellent cross-section of general business)estimates the growth in number of active women *traders* and investors in five years from half-of-one per cent to nearly three per cent. Considering their small percentage, they are better than the men folk in caution, and unwillingness to take anyone's say-so without further investigation. Perhaps the reason they do not constitute five to ten per cent of our trading and investment public is due to their sensible lack of gullibility. The gentle sex, however, predominates in such companies as American Telephone, Pennsylvania, General Motors and U. S. Steel to an overwhelming degree, when we consider our former "three per cent of public" figures again demonstrating their good sense.

Or, it might *not* be particularly ingenious to know a good thing when one has the chance to investigate it, study it, and weigh it up, as anyone can do in the case of these four and forty other corporations. This minimizes our compliment to the woman-investor. But —if the dear public has a billion cash to lose annually, it *wants* to and *has* to lose it so long as it cannot be educated to appreciate the sanity of leaving the "adventuring end" of corporations (and near corporations) to those able to lose.

If you, dear subscriber, will get hold of the last five bound volumes of THE MAGAZINE OF WALL STREET—one at a time will do — the education and training derived ought to prove a life insurance against investments in fraudulent securities; and you will also commence to realize the difficulty anyone would have in trying to define what is a fraudulent security.

The border line between fraud and sinister intention is very narrow, and we have seen raw promotions (particularly in oil stocks) make good, and promising looking corporate investments go "sour" and become utterly worthless—through malpractices, mismanagement, or plain hard luck. The mere fact that a stock is "listed" on any reputable exchange, big or little, does not insure its success, and never has guaranteed it against its possible eventual utter worthlessness. And the public ought to know, at least, that while the exchanges keep out, and off their listing privileges, all trading and quoting of corporation securities un-

able to comply at the time of listing and thereafter periodically, with certain rigid requirements, it does not and cannot guarantee *its future.*

Now, the listing committee consists of human beings! They are astute humans, business men, men of high character, and extremely jealous of their past record and reputations. They have their skilled investigators, statisticians, analysts—a corps of trained men (*not* magicians), who try to examine everything through a magnifying glass. But they do not, and have never pretended, to handle a seer's crystal; and cannot divine the future one month ahead better than the average well-informed business man.

We have a tremendous quantity of unlisted securities, forming fully fifty per cent in dollar value of the officially "listed" items. They have only gone under the lens of public opinion and appraisement, for example: the Standard oils, bank stocks, trust company stocks, mill securities, and the high-priced, closely held, private corporations like Gillette, Bordens, etc.

Selling the public gold bricks, and the pastoral community a share in the Brooklyn Bridge, is an old occupation. The money-changers, driven out of the Temple courtyard 2,000 years ago, were no different from 100% Miller. The "prospects" eager to arbitrage gold, silver and copper of Syria, Phœnicia and Arabia were being defrauded, just as the modern "security" buyers succumb to the wiles of the money-changers' successors.

Legitimate stocks are not usually touted. They do not have to be. If anyone is educated to distinguish the difference between legitimate securities and green promotion enterprises, he has no excuse for being *defrauded.* Even among the legitimate stocks, a certain percentage go "sour" and their prices decline—often to nothing. In legitimate business the mortality is far greater than that. Not one per cent of businesses started become outstanding successes, and buying *shares* is nothing else than securing an equity in a business! But, the difference is—the *share-buyer* can pick and choose from among thousands. Naturally, those that have made good or have "gone over the top" command higher prices, and one pays the higher price cheerfully for the privilege and advantage of securing a certainty.

2. THE UNUSUAL TECHNIQUE OF THE EXCHANGES

The exchanges throughout the country have, in the past fifty years, gradually developed a technique that is entirely in favor of "the customer"; that is to say—the public. While every measure possible to protect the broker also exists, it is recognized that the average broker is only the *agent* of the customer. The percentage of business done by brokers or floor traders for individual or personal account, although very substantial, constitutes a mere fraction of the real business which justifies the existence of the ex-

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changes, namely, the public's business.

It can be said, in general, that anyone familiar with the procedure of the N. Y. Stock Exchange is on familiar terms with the business and procedure of all others, including the Toronto and Montreal (Canada) exchanges, there are upward of twenty. The N. Y. S. E. leads them all in size and value of issues listed. The N. Y. "Curb" comes second, and is now really an unofficial annex, or proving ground for the big exchange itself. The Boston and Chicago stock exchanges come about third and fourth. Then comes that immense unofficial exchange that has no official membership, no "seats," but is as strict as them all—the "over the counter" market between recognized houses. In the latter, however, the majority of houses trade as dealers or principals, charging no commissions, but fixing their own flat prices that would include brokerage, profit, etc.

All business, except in the so-called "penny" stocks, is done on a 100-share unit basis, and every quotation is based upon an implied contract to sell or receive *one hundred* shares at the price quoted. Anyone wishing to buy or sell less than 100 shares receives or pays ⅛ to ¼ points less or more, so far as "listed" stocks are concerned. Such penalty or profit goes to a separate specialist in odd lots, and *not* to your own broker. In over-the-counter transactions, this differential is often ¼ to ½ point in odd lots, especially in higher-priced, ordinarily inactive securities. It would need pages to go into details. These odd-lot transactions create the bulk of complaints against brokers, largely because orders in them necessarily come from less experienced investors or traders, and it must be admitted the ⅛, ¼ to ½ point "penalty" is a preliminary handicap. But there is no other way of cempensating the specialists and odd-lot brokers, with heavy expenses, and a mass of detail on their hands daily. Big firms in the odd lot business have as many as twenty or more partners, and employ very often hundreds of employees. This is a case of "the laborer being worthy of his hire." It is a great mistake to suppose that *any* broker makes or takes a profit by unfair practices (we dislike using the harsher word). It does not pay, it would not pay, and no member of an exchange, or dealer, or outside broker whose "seat" or goodwill value ranges from $100,000 to $1,000,000 will risk his livelihood or reputation to make a fraction of a point out of an order!

The first essential is to trust your broker — your agent — implicitly, and get that end of your relationship out of your system. If you cannot, or do not trust him, or have to make complaints (that are fair, genuine, legitimate) change your broker in fairness to both. The writer would say that out of 100 "complaints" investigated (and he has probably handled thousands), less than 1 per cent were well founded. This, then, is an assurance to our subscribers that no business is more honestly or rigidly conducted, both on account of the integrity of those in it and the

wonderful technique of the exchanges which makes all transactions virtually fool-proof.

The crediting of dividends is an outstanding example of "complaint." Failure to do so is not always an example of bad faith. A dividend can only be credited by the broker when he *receives* it, that is to say, usually the morning after the date it is payable—through the mails to himself. Thereafter it will appear in the customer's statement. If payable on the 1st of the month, with statements for preceding month already mailed (first class houses never fail in this respect), almost a month elapses again before the customer hears about it. Have patience, and await the next statement, or drop a courteous inquiry to your broker about it! If a stock is purchased for and with the dividend, which means *at least one day before "ex-dividend"* and held until it again sells "ex-dividend" such buyer gets the dividend—and not otherwise. This point is a real bugaboo between broker and customer, leading to more argument than most other questions combined. The exchanges are deeply interested in the dividend question, and exercise close supervision over all discussions arising out of it, and decide all debatable points. The corporations merely keep books and records, and issue checks to owners, or nominal owners, or stockholders on its records, as such names appear on the day checks are made out.

In brief then, the buyer expecting the current dividend must secure his stock "before it sells ex."

New York City Bonds

	Bid	Asked	Yield
4½s, Dec. 15, 1971	108¼	108¾	4.07
4½s, July, 1967	108	108⅝	4.07
4½s, June, 1965	107⅞	108⅜	4.07
4½s, March, 1963	107¾	108⅛	4.07
4½s, May and Nov., 1957	107	107⅝	4.07
4¼s, June, 1974	103⅝	104⅛	4.06
4¼s, April 15, 1972	103½	104⅛	4.06
4¼s, 1966	103¼	103¾	4.06
4¼s, March, 1964	103¼	103¾	4.06
4¼s, March, 1962	103	103⅝	4.06
4¼s, September, 1960	103	103⅝	4.06
4¼s, March, 1960-80	101⅛	101⅝	3.95
4s, May, 1959	99⅞	100⅛	3.98
4s, November, 1958	99⅞	100⅛	3.98
4s, May, 1957	99⅞	100⅛	3.98
4s, November, 1955	99½	100	4.00
4s, November, 1956	99½	100	4.00
4s, November, 1936	99¼	100	4.00
3½s, November, 1955	90⅛	91⅛	4.01
3½s, November, 1954	90⅜	91⅛	4.01
3½s, May, 1954	90¾	91⅝	4.01
3½s, 1950-1954	90	91¾	4.00
The following are quoted on a percentage basis:			
3½s, 1925-1930	4.00	3.70	3.70
3½s, 1940-1949	4.15	4.00	4.00
4½s, 1925-1932	4.05	....	....

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by investment houses of the highest standard. They will be sent free on request, direct from the issuing house. Ask for them by number.

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

THE STORY OF THE STRAUS PLAN
This booklet explains why this large first mortgage real estate bond firm can truthfully say that they have sold these securities for forty-two years without loss to any investor. (217).

THE FORMULA OF SAFETY
The salient feature of this Formula of Safety as developed by an old established Bond and Mortgage House, are here set out for investors who would think before, rather than after, placing their funds. Ask for (327).

INVESTMENT FEATURES OF COOPERATIVE APARTMENT OWNERSHIP AT JACKSON HEIGHTS
A valuable booklet prepared by the Queensboro Corp., which shows the moderate cost and advantages to be derived from owning your own home in a beautiful section a short distance from New York City. Ask for (336).

ODD LOTS
A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A QUESTION ANSWERED
An extremely interesting illustrated booklet explaining how a stock exchange firm handles out of town business. It shows how orders are treated from the time the letter arrives to the final placing of the certificates purchased. (278).

SAFETY FIRST
Protect yourself with the experience of this First Mortgage Real Estate Bond house contained in this interesting booklet. Ask for (341).

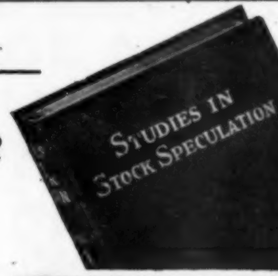
BOND RECORD
A convenient record book for listing bond holdings, interest payments, profits, etc. Title heading of book, "My Investments." A limited number is being distributed gratis by a leading Bond House. (285).

HOW TO JUDGE SOUTHERN MORTGAGE BONDS
This free booklet contains the net of this old-established Company's experience in the First Mortgage Investment Field in the South. Ask for (302).

FOUR DISTINGUISHING MARKS
This 8-page booklet, issued by one of the largest first mortgage real estate bond houses, shows you how to "check up" first mortgage real estate bonds. Send for (264).

WHY FLORIDA, FIRST MORTGAGE INVESTMENTS PAY UP TO 8%
A concise, common-sense statement of five logical reasons why investors may at this time send their money to Florida and get 8% on sound first mortgage security. Sent without charge on request. Ask for 344.

Traders—
A New Book
Now Ready



Helps You—

- **—determine when to buy, when to sell and when to remain neutral;**
- **—detect manipulation, distribution, accumulation;**
- **—forecast turning points;**
- **—interpret market action;**
- **—avoid losses;**
- **—increase profits;**

Studies in Stock Speculation

Every student of the stock market should study this most unusual volume. Its contents are composed of the first 33 lessons of the School for Traders and Investors section of The Magazine of Wall Street, and has been printed in book form at the request of innumerable readers.

CONTENTS

These chapters cover the subject of trading from its most elemental to its most scientific phase. They cite instances and give examples to explain all difficult angles of market operation. The authors are seasoned veterans of the security field, who have learned their lessons and although they have been successful in their operations, they have encountered pitfalls which they point out and help you to avoid. They show you how to recognize opportunities that some of the most experienced traders and investors overlook.

This new and unusual volume on security operation not only teaches you the fundamental principles of successful speculation, but by examples, illustrations, charts, diagrams and comparisons, it hows you HOW TO APPLY THOSE PRINCIPLES IN YOUR DAILY OR YEARLY MARKET TRANSACTIONS.

This is the first of a series of volumes on the subject of speculation to be issued by The Magazine of Wall Street. BEGIN TO-DAY ACCUMULATING YOUR SET OF THIS SERIES. The second volume will appear about July 1 and if Vol. No. 1 is out of print, your set will be incomplete, FOR THE FIRST VOLUME POSITIVELY WILL NOT BE REPRINTED. Send for it now.

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SS 6-6

INDUSTRIAL BOOM TRANSFORMING THE SOUTH

(Continued from page 205)

same time, the South is building with equal rapidity, office buildings, bank buildings, insurance buildings, schools, churches and other costly edifices.

This tremendous activity calls for hardware, lumber, engines, boilers and the thousand and one other materials necessary for construction.

The Southern railroads are among the chief beneficiaries of the building booms. They are handling larger tonnages and showing greater earnings than ever before in their histories.

In the five year period 1920 to 1924, the South built slightly more than 50% of the new railroad mileage of the country. The roads which are benefiting from the boom are the Illinois Central, Louisville & Nashville, Baltimore & Ohio, Chesapeake & Ohio, Atlantic Coast Line, Florida East Coast Railway, Virginian Railway, Seaboard Air Line, Central of Georgia, M. K. & T., Kansas City Southern, Nashville, Chattanooga and St. Louis, Missouri Pacific, Southern Pacific and Southern Railway.

One-fifth of the country's total of automobiles and trucks is in the South and for three years the South has led every section of the country in percentage of increase in automobiles.

Future of the South

In short, the South has come into its own after weary years. No more need to moan, "Gone art the days . . ." For while the old days have indeed gone forever, they have been succeeded by an effulgent day more sunshiny than any of the past. The present boom will subside, eventually, as all booms must do, but the great progress the South has made will not be lost. With it great, natural power resources, vast forests, rich minerals, unusual fertility, varied climate and accessibility to the world's great markets, all the South needs to place it in the forefront of the country's most prosperous sections, is additional population and added capital. And the South is getting both!

Cumulative Index to Vol. 36

Pages 1-98 Inclusive, May 9, 1925

Pages 99-190, May 23, 1925

Dividends

THE DETROIT EDISON COMPANY

60 Broadway
New York, June 1, 1925.

A quarterly dividend of TWO PER CENT (2%) upon the Company's capital stock will be paid on July 15, 1925, to stockholders of record at the close of business on June 20, 1925. The stock transfer books of the Company will not be closed.

J. F. FOGARTY, Secretary.

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

May 28, 1925.

The Board of Directors has declared a dividend of fifty cents per share on the Capital Stock of the Company, payable June 30th, 1925 to stockholders of record at the close of business June 13th, 1925. Checks will be mailed.

DAVID BERNSTEIN, Treasurer.

THE OPPORTUNITY EXCHANGE

A Clearing House For Business Men

IDEAS – SERVICE – COMMODITIES

MEN – AGENTS – BUSINESS OPPORTUNITIES

Health Resort, N. J.

MONTCLAIR SANITARIUM—Delightfully located; large comfortable rooms; home-like, accessible; graduate registered nurses; patients may have own physician; for convalescent, special treatment and diet patients; chronic invalids. 73 Overlook road, Montclair 9047.

Situations Wanted

Bank Executive (41) desires connection with progressive concern where 25 years experience may be of service. Apply Box 56, The Magazine of Wall Street, 42 B'way, N. Y. C.

Charters

DELAWARE incorporator; charters; fees small; forms. Chas G. Guyer, 901 Orange St., Wilmington, Del.

Dividends

Certain-teed

1st Preferred Dividend No. 34
2nd Preferred Dividend No. 34
Common Dividend No. 10

The Board of Directors has this day declared the thirty-fourth quarterly dividends of 1¾% on the First and Second Preferred Stocks and the tenth dividend of $1.00 per share on the Common Stock of this Corporation, payable July 1, 1925 to Stockholders of record at the close of business June 16, 1925.

Checks will be mailed.

Certain-teed Products Corporation

ROBERT M. NELSON,
Secretary-Treasurer.

New York, May 21, 1925.

Public Service Corporation of New Jersey

Dividend No. 72 on Common Stock

Dividend No. 26 on 8% Cumulative Preferred Stock

Dividend No. 10 on 7% Cumulative Preferred Stock

The Board of Directors of Public Service Corporation of New Jersey has declared dividends at the rate of 8% per annum on the 8% Cumulative Preferred Stock, being $2.00 per share; at the rate of 7% per annum on the 7% Cumulative Preferred Stock, being $1.75 per share; and $1.25 per share on the non-par value Common Stock for the quarter ending June 30, 1925. Dividends are payable June 30, 1925, to stockholders of record June 5, 1925.

T. W. Van Middlesworth, Treasurer

AMERICAN LOCOMOTIVE COMPANY

30 Church Street,
New York City, May 14, 1925.

Quarterly dividends of one and three-quarters per cent (1¾%) upon the Preferred Capital stock and Two dollars ($2.00) per share upon the no par value Common Capital stock of American Locomotive Company have been declared payable on June 30th, 1925, to stockholders of record at the close of business on June 15, 1925.

An extra dividend of Two Dollars and Fifty Cents ($2.50) per share will be paid June 30th, 1925, to Common stockholders of record at the close of business on June 15th, 1925, being the second of four extra dividends heretofore declared payable on the last days of March, June, September and December, 1925.

W. SPENCER ROBERTSON, Secretary.

Business Opportunities

MANAGEMENT TRADING ACCOUNTS IN GRAIN AND COTTON

A personal service for customers desiring someone experienced to trade actively for them. CYRUS A. SMALE, Box 815, Washington, D. C.

Opportunities in Coal, Iron, Cement, Stone, Brick and Factory Sites for development, investment or speculation.
FRED W. RICHART — Carterville, Ill.

Producing royalties for sale.
F. P. Borden Co., Camden, Arkansas.

Dividends

CRANE CO.

Dividend Notice

Resolved: That a quarterly dividend of one and three-quarters per cent (1¾%) on the Preferred Stock and one and one-quarter per cent (1¼%) on the Common Stock be, and the same hereby is declared payable on June 15, 1925 to stockholders of record June 1, 1925.

H. P. BISHOP,
Secretary.

May 19, 1925.

REPUBLIC IRON & STEEL COMPANY

PREFERRED DIVIDEND No. 83

At a meeting of the Board of Directors of the Republic Iron & Steel Company, the regular quarterly dividend of 1¾% on the Preferred Stock was declared payable July 1st, 1925 to Stockholders of record June 17th, 1925.

Richard Jones, Jr.,
Secretary.

WEST PENN RAILWAYS COMPANY

New York, N. Y.,
May 20, 1925.

The Board of Directors of West Penn Railways Company has today declared quarterly dividend No. 32 of one and one-half (1½%) per cent upon the 6% cumulative Preferred Stock of the Company, for the quarter ending June 15, 1925, payable on June 15, 1925, to stockholders of record at the close of business on June 1, 1925.

C. F. KALP, Treasurer.

THE WEST PENN COMPANY

New York, N. Y.
May 20, 1925.

The Board of Directors of The West Penn Company has today declared quarterly dividend No. 10 of One ($1.00) dollar per share, payable upon the Common Capital Stock of the Company on June 30, 1925, to stockholders of record at the close of business on June 15, 1925.

C. F. KALP, Treasurer.

American Telephone and Telegraph Company

143rd Dividend

The regular quarterly dividend of Two dollars and twenty-five cents ($2.25) per share will be paid on Wednesday, July 15, 1925, to stockholders of record at the close of business on Saturday, June 20, 1925.

H. Blair-Smith,
Treasurer

E. I. DU PONT DE NEMOURS & CO.

Wilmington, Del., May 18, 1925.

The Board of Directors has this day declared a dividend of 2½% on the Common Stock of this Company, payable June 15, 1925, to stockholders of record at close of business on June 5, 1925; also dividend of 1½% on the Debenture Stock of this Company, payable July 25, 1925, to stockholders of record at close of business on July 10, 1925.

CHARLES COPELAND, Secretary.

Printing

LITHOGRAPHED LETTERHEADS

For $1.25 PER THOUSAND

IN LOTS OF 50,000

COMPLETE

IN lots of 25,000, @ $1.50; in lots of 12,500 @ $1.75; no smaller quantities, On our White Paramount Bond, 20 lb. basis. A beautiful, strong snappy sheet. Sample booklet on request.
Lithographed envelopes to match $1.50 per M.

GEORGE MORRISON CO.

422-430 East 53rd St., New York City
TELEPHONES PLAza 1874-1875
Established 1898 — Incorporated 1905

5,000 Hammermill Bond Letterheads, $14.00; 10,000—$24.00; 25,000—$56.50; 50,000—$108.00; 100,000—$213.00. 8½ x 11 20 lb. Envelopes to match, same price. William W. Webb, Salisbury, Md.

Dividends

METRO-GOLDWYN PICTURES

May 20, 1925.

The Board of Directors of the Metro-Goldwyn Pictures Corporation has declared a quarterly dividend of 1¾% on the preferred stock of this company, payable June 15th, 1925, to stockholders of record at the close of business May 29th, 1925. Checks will be mailed.

DAVID BERNSTEIN, Treasurer.

PACIFIC OIL COMPANY

DIVIDEND NO. 9

A DIVIDEND of one dollar and fifty cents ($1.50) per share on the Capital Stock of this Company has been declared, payable at the Treasurer's Office, No. 165 Broadway, New York, N. Y., on July 20, 1925, to stockholders of record, at three o'clock P. M., Monday, June 15, 1925. The stock transfer books will not be closed for the payment of this dividend. Checks will be mailed only to stockholders who have filed dividend orders.

HUGH NEILL, Treasurer.
New York, N. Y., May 21, 1925.

The Pure Oil Company

Columbus, Ohio

The following quarterly dividends have been declared:

5¼% Pfd. Stock $1.25 per share (1¼%)
6 % Pfd. Stock $1.50 per share (1½%)
8 % Pfd. Stock $2.00 per share (2 %)

all payable July 1, 1925 to holders of record June 10, 1925.

F. S. Heath, Treasurer

INTERNATIONAL BUSINESS MACHINES CORPORATION

Fifty Broad Street, New York.

The Board of Directors of this company has today declared a quarterly dividend of $2.00 per share, payable July 10, 1925, to stockholders of record at the close of business on June 24, 1925. Transfer books will not be closed.

W. F. BATTIN, Treasurer.

May 26, 1925.

$45,000,000

Government of the Argentine Nation

EXTERNAL SINKING FUND 6% GOLD BONDS
ISSUE OF JUNE 1, 1925

Dated June 1, 1925 — *Due June 1, 1959*

Interest payable June 1 and December 1

Redeemable through the operation of a cumulative Sinking Fund of 1% per annum, calculated to be sufficient to retire the Bonds of this issue not later than June 1, 1959.

Coupon Bonds in denominations of $1,000 and $500, registerable as to principal only.

Principal and interest payable in United States gold coin of the present standard of weight and fineness, in New York City at the offices either of J. P. Morgan & Co. or of The National City Bank of New York, Fiscal Agents for the Bonds of the Issue of June 1, 1925, without deduction for any Argentine taxes, present or future.

The following statement (in which all figures originally stated in Argentine currency have been converted into United States dollars at par of exchange for the gold peso or paper peso, as the case may be) has been authorized by Felipe A. Espil, Esq., Chargé d'Affaires of the Government of the Argentine Nation at Washington, D. C.

OBLIGATION *These Bonds are to be direct external obligations of the Argentine Government. The Government will covenant that if, while any of these Bonds remain outstanding, it shall create or issue or guarantee in accordance with the Argentine Constitution, any loan or bonds secured by lien on any of its revenues or assets, the Bonds of this issue shall be secured equally and ratably with such other loan or bonds or such guaranty.*

PURPOSE *The Argentine Government has outstanding $35,000,000 of dollar Treasury Notes payable during the current year. Of such Notes, $20,000,000 were issued in anticipation of the sale of these Bonds and will be retired by the proceeds thereof, the remaining $15,000,000 being dealt with under other powers of the Finance Ministry. The proceeds of the issue in excess of the amount required to retire the $20,000,000 maturing notes will be used to repay floating debt of the Argentine Government as provided for by Laws 11206 and 11207 which govern this issue.*

SINKING FUND *The Government will covenant to pay to the Fiscal Agents as a Sinking Fund, beginning December 1, 1925, and thereafter semi-annually on June 1 and December 1, in each year, an amount equal to one-half of 1% of the maximum principal amount of Bonds of the Issue of June 1, 1925 at any time theretofore issued plus an amount equal to the accrued and unpaid interest on all Bonds previously acquired through the operation of the Sinking Fund. Such Sinking Fund payments (which may be increased by the Executive Power if considered advisable) are to be applied to the purchase of Bonds below par through tenders, or, if not so obtainable, to the redemption of Bonds, called by lot, at par.*

GOVERNMENT DEBT AND ASSETS *The total debt of the Argentine Government as of December 31, 1924, amounted to about $935,000,000, or the equivalent of about $93.50 per capita, as compared with the national wealth, according to the census of 1914 (the latest official figures), of $14,543,000,000, or more than $1,450 per capita. Government owned properties (including revenue producing investments of $530,000,000) had a total value in 1914, according to the same census, of $1,125,000,000, or about $200,000,000 more than the total government debt now outstanding.*

GOLD RESERVE *A gold reserve of $463,000,000 is held against the note circulation (equivalent to $588,000,000), resulting in a reserve ratio of over 78%.*

GENERAL *Argentina has an area considerably greater than that part of the United States east of the Mississippi River, and has an estimated population of 10,000,000 persons. Agriculture and live-stock raising are the principal occupations of the country, which is one of the world's chief exporters of cereals, meat, hides, wool and linseed.*

The foreign trade of Argentina is greater than that of any other Latin American country. During the past few years its purchases from the United States have been larger than the combined purchases of the three next largest South American customers of the United States. The Argentine's merchandise exports in 1924 were valued at $976,000,000, its imports at $800,000,000, resulting in a favorable trade balance of over $176,000,000.

The improving Argentine trade balance during the past eighteen months, has resulted in a steady rise in value of the Argentine paper peso, which is now quoted in New York at about 95% of par. Measures have recently been taken to prepare the way for a complete restoration of the gold standard which existed in the Argentine prior to 1914.

Application is to be made to list the above Bonds on the New York Stock Exchange.

THE ABOVE BONDS ARE OFFERED FOR SUBSCRIPTION, SUBJECT TO THE CONDITIONS STATED BELOW, AT 96% AND ACCRUED INTEREST, TO YIELD OVER 6.25% TO MATURITY.

Subscription books will be opened at the offices of J. P. Morgan & Co. at 10 o'clock A. M., Tuesday, June 2, 1925, and will be closed in their discretion. The right is reserved to reject any and all applications, and also, in any case, to award a smaller amount than applied for. All subscriptions will be received subject to the issue and delivery to us of the Bonds as planned.

The amounts due on allotments will be payable at the office of J. P. Morgan & Co., in New York funds to their order, and the date of payment (on or about June 16, 1925) will be stated in the notices of allotment. Temporary Bonds, exchangeable for definitive Bonds when prepared, are to be delivered.

J. P. MORGAN & CO. — ***THE NATIONAL CITY COMPANY***

New York, June 2, 1925.

"A & P" have invested a million dollars in Pierce-Arrow reliability

One Pierce-Arrow truck ten years ago—242 today. An investment of a few thousand dollars that has grown into a million dollar investment in Pierce-Arrow trucks and equipment.

That tells the graphic story of how well Pierce-Arrow trucks are serving The Great Atlantic & Pacific Tea Company.

Not by chance have Pierce-Arrow trucks been singled out, but only after a careful investigation into costs, reliability and every other phase of motor truck transportation. The daily performance of each truck is subjected to a close analysis. Pierce-Arrow trucks have been required to earn their way.

Practically every traffic, climatic and road condition is met by these Pierce-Arrows in serving the thousands of "A & P" grocery stores. The trucks travel over 3,000,000 miles per year and handle over 500,000 tons of goods. The oldest trucks in the fleet have gone more than 150,000 miles and are still operating daily.

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$3300 and up for chassis. Sizes: 2, 3, 4, 5 and 7½ tons f. o. b. Buffalo, N. Y.

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